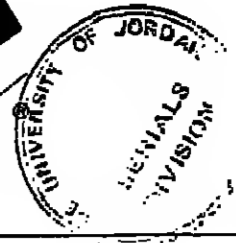


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Fights Put Aside, Trade Deal Assured

In and Out of Russia, Vote Broke the Faith

By Serge Schmemmann
New York Times Service

MOSCOW — The immediate danger from the results of Russia's parliamentary election may come less from what Vladimir V. Zhirinovskiy, does than from how the world and Russia react to him.

There is no question that Mr. Zhirinovskiy and his Liberal Democratic Party represent a fierce backlash by a humiliated, impoverished and confused nation. Nor is there any question that his fuming tirades — whether they be to eject Azerbaijanis, bring Ukraine to its knees or recover Alaska — have set political alarms jangling the world over.

Obviously there is cause for alarm. The fascist regimes of Europe also began as unfocused cries of national despair, and in 18 months Russians again go to the polls, this time to vote for a president with real and dangerous powers. Mr. Zhirinovskiy will run. The presidency, he said Tuesday, would make a fine 50th birthday present.

But for now, Mr. Zhirinovskiy's share of the votes translated into only an eighth of the seats in the new parliament, and that body will be far weaker than the old Congress of People's Deputies, because the constitution also approved on Sunday gives President Boris N. Yeltsin considerable powers to elude it.

There was no telling, moreover, whether Mr. Zhirinovskiy would prove to be an obstacle to whatever government Mr. Yeltsin installed, or whether he would settle for the role of heckler. At a news conference Tuesday, he insisted he was prepared to cooperate fully with Mr. Yeltsin and the government.

The more immediate danger was in the sharp setback to whatever small sympathy and trust Russia may have begun to develop among its neighbors and in the world, and to

the even slenderer trust Russians themselves may have begun to feel for democratic processes.

To much of the world, this was the Russian bear abruptly rampant, and all the tentative talk of large-scale aid, partnership for peace, a universal NATO or a new world order seemed suddenly in jeopardy.

The proliferation of bright kiosks, luxury hotels and English-speaking reformers in Moscow had given many in the West an

NEWS ANALYSIS

illusion of a nation gratefully embracing change, while the anger and despair were hidden from view in muddy provincial cities, dilapidated barracks and teeming rail terminals.

The risk now was that this cheery illusion would be replaced by the specter of militant fascism.

President Bill Clinton seemed to be in a distinct minority when he described the vote as an understandable reaction and said he planned no general change in his Russia policy.

Closer neighbors reacted with far less equanimity. Ukrainian lawmakers strengthened their resolve not to part with nuclear missiles. Baltic presidents gathered for an emergency summit meeting. East European governments, ever wary of their recent captor, were certain to clamor more strongly for North Atlantic Treaty Organization protection, while at the alliance, secretary-general Manfred Wörner reminded members of the need for "cohesion and vigilance."

"We always warned about the danger of Russian imperialism," said Dmytro Pavlychko, the head of the Ukrainian parliament.

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Vladimir V. Zhirinovskiy, left, with an aide at a news conference on Tuesday.

Ultrationalist Assails Jews for 'Provocations'

By Lee Hockstader
Washington Post Service

MOSCOW — Vladimir V. Zhirinovskiy, the ultrationalist whose party placed first in Russia's legislative elections Sunday, said Tuesday he intended to run for president and accused Jews of provoking anti-Semitism in Russia.

Flanked at a news conference by a retinue of little-known aides he calls his "shadow cabinet," Mr. Zhirinovskiy did his best to present a moderate, even mild, facade. He spoke as if he were about to form a government, at one point referring to "our new foreign policy department."

It is unclear how much clout Mr. Zhirinovskiy will wield when the new legislature starts work next month. Although Mr. Zhirinovskiy's Liberal Democratic Party may be the largest single bloc in a fractured lower house, President Boris N. Yeltsin is under no obligation to offer him a cabinet position.

Moreover, Mr. Zhirinovskiy may be unable to form coalitions with the Communists and other parties in the legislature that also oppose Mr. Yeltsin's reforms. His actual impact on policy may be slight, and his main role may be as a critic from the sidelines. Nonetheless, that very straggle has brought him this far and may suit his presidential ambitions perfectly. Presidential elections are due to be held in 1995.

At the news conference, dressed in an evening suit, combing and bow tie, Mr. Zhirinovskiy seemed increasingly to lose his cool as the nearly two hours of questions and answers wore on. He appeared especially bothered as journalists peppered him with

questions about his attitude toward Jews and other minorities.

After heatedly and repeatedly denying that he or his party are anti-Semitic, he seemed to lose patience and said in a voice nearly hoarse with fervor that his party's supporters were "sick and tired of the fact that TV announcers are representatives of a non-Russian nationality."

"They would very much like to see kind Russian faces who talk to them in good Russian," he said.

He added a short while later: "At a certain stage of development a wave of anti-Semitism arises. But we don't want this to happen. This is provoked by those who consider themselves part of the Jewish nation. We don't need provocations like this."

Also Tuesday, Reuters reported from Germany that in a radio interview broadcast Monday with North German Radio in Hamburg, Mr. Zhirinovskiy threatened Germany with nuclear annihilation if it tried to interfere in Russia's internal affairs. He said he would not hesitate to create "new Hiroshimas and Nagasakis" or a "Chernobyl in Germany" in order to keep Germans away from Russia.

"The Germans are interfering in Russia now, but if a German looks at Russia the wrong way when I'm in the Kremlin, you Germans will pay for all that we Russians have built up in Germany," he said. It was

See RUSSIA, Page 2

By Tom Buerkle
International Herald Tribune

GENEVA — The United States and the European Community virtually assured completion of a global trade accord by showing their longest disputes under the table Tuesday, but it was a last-ditch compromise that limits the market liberalization that they set out to achieve seven years ago.

Negotiators and political leaders hailed the result nonetheless. There was relief that after seven long years and two previous failures, the trade talks were almost certainly headed for success by Wednesday's deadline.

And there was satisfaction that the final package would include big cuts in tariffs and clear and enforceable trade rules, all of which economists hope will give the global economy a lift amounting to more than \$200 billion a year.

Mickey Kantor, the U.S. trade representative, said Tuesday that the Uruguay Round, as the series of trade talks that began in Uruguay in 1986 has been known, "will bring more barriers down faster than any other trade agreement in history."

Mr. Kantor and his EC counterpart, Sir Leon Brittan, reached a settlement early Tuesday, after a full night of bargaining, only by agreeing to exclude from the agreement their final, emotionally charged obstacle — trade in movies and television programming.

The result allowed France, which had vowed to veto any deal that did not protect its movie industry sufficiently, to claim its second big victory of the past two weeks, having previously won concessions from Washington on agricultural trade.

"We got all we wanted from the start, which is basically the cultural exception," Communications Minister Alain Carignon of France said in a radio interview.

U.S. officials proclaimed themselves more than satisfied with the overall result, with President Bill Clinton saying, "We are now on the verge of a historic victory in our efforts to open foreign markets to American products."

The two sides also effectively agreed to keep shipping and commercial aircraft out of a global package, at least for now. And Mr. Kantor won Sir Leon's support for a toned-down American proposal on financial services that acknowledges there will be few significant market openings by Wednesday's negotiating deadline but will allow talks on banking, insurance and brokerage activities to continue for two more years.

On financial services, the United States dropped a proposal that would have denied

Major Points Of the Accord

Compiled by Our Staff From Dispatches

Following are the main points in the agreement reached Tuesday in Geneva by the European Community and the United States:

AUDIOVISUAL: No agreement on movies and television programming. The issue was excluded from the broader treaty, which was a victory for Europe. It means that neither the EC nor the United States needs to act now to open its market in this sector. The quotas, subsidies and rules applied by the Community in the audiovisual sector, which the United States wanted to limit, are maintained.

But the audiovisual industry will be subject to the rules laid down for international trade in general. The Europeans say this means that the Americans cannot decide to make unilateral attacks on the audiovisual front. But the U.S. trade representative, Mickey Kantor, says the United States will continue trying to open up the European audiovisual market.

FINANCIAL SERVICES: Few significant market openings, but the agreement will allow talks on banking, insurance and brokerage activities to go on for two more years.

A toned-down U.S. proposal got European support in the battle against closed Asian markets. The United States will have an 18-month exemption from the obligation to open its market to Asian financial services.

Either the rules will be the same for all countries, or, more probably, the United States will open up only to countries that have done the same for U.S. banks and insurance companies. The latter approach would be contrary to GATT principles, which call for all countries to be treated on the same basis. But the Europeans have joined the United States on this point and might even use the same system.

AVIATION: As the Community wanted, the U.S.-EC agreement of 1992 on large aircraft is maintained. It limits the amount of direct and indirect subsidies granted for research relating to aircraft with more than 100 seats.

On the other hand, programs for building all other types of aircraft will now be subject to the general subsidies code, as the Americans wanted. The European side won a few exemptions.

WORLD TRADE ORGANIZATION: Accord on such an agency, which is supposed to take over from GATT. It will be responsible for ensuring growth and liberalization of world trade, ensuring observance of Uruguay Round rules and settling trade conflicts.

MARITIME SHIPPING: Only minimal market opening, though it is to be brought under GATT for the first time.

(AFP, Reuters, AP)

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especially over the U.S. commitment to support the creation of a Multilateral Trade Organization. Unlike the GATT, that body would have power to enforce rulings penalizing unfair trade practices, and it is seen as a means of expanding trade rules into controversial areas such as environmental and labor standards.

Work continued late Tuesday on a few remaining issues, including textiles, where the United States and the EC laid down tough language linking their commitment to abandon import quotas over 10 years to reciprocal commitments by Third World countries to open their markets to imports.

The language had been aimed primarily at India and Pakistan, and Pakistan responded Tuesday with an offer to take in more imports.

Meanwhile, the United States was seeking a change in rules on intellectual property to restrict compulsory licensing of technologies, which U.S. semiconductor companies say would allow foreign countries to poach on their chip designs.

Although work on the details was expected to continue right up to the deadline of midnight Wednesday, Washington time, trade officials said it was almost inconceivable that anything

See GATT, Page 5



Sir Leon Brittan, left, and Mickey Kantor sealing the trade pact on Tuesday after an all-night bargaining session in Geneva.

France Crows Over 'Great' Victory to Save Its Culture

By Alan Riding
New York Times Service

PARIS — Having dragged the GATT negotiations to the brink of disaster, France claimed Tuesday that it had won an important victory by forcing the United States to be flexible about agricultural exports and to exclude movies and television from a proposed global trade liberalization package.

Opposition parties and farmers were less ebullient over what France achieved but, for the rightist government of Prime Minister Edouard Balladur at least, the gamble of testing its will against Washington and risking a crisis in relations with its European partners seems to have paid off.

"This is a great and beautiful victory for Europe and for French culture," France's communications minister, Alain Carignon, enthused after American and European Community negotiators decided to exclude culture from GATT. "We got what we wanted from the beginning."

After the United States agreed last week to renegotiate a farm trade deal worked out with the 12-nation Community in November 1992, France also said it had achieved its main purpose of softening the impact on its 1 million farmers of a reduction in subsidies to agricultural exports.

France was almost alone in opposing the original farm trade deal, but in the end its

repeated threat to veto the entire GATT package won it concessions. On the question of audiovisual trade, which France said threatened its movie industry, the Community eventually backed Paris.

France also claimed success in its campaign to have a new multilateral trade organization replace the General Agreement on Tariffs and Trade. The proposal had the backing of most of the 117 members of GATT, but the United States had long argued that it would add unnecessary bureaucracy.

Mr. Balladur, who inherited the trade conflict when he took office in March, is to present the broad lines of the GATT package to the National Assembly on Wednesday. He will also

seek a vote of confidence which, with conservatives holding 80 percent of parliamentary seats, he is certain to win.

But Mr. Balladur may have more difficulty in persuading France's powerful farming lobby to accept the agreement. Farmers in a number of cities demonstrated Tuesday against the renegotiated farm trade deal, while some 30 angry farmers even occupied the area around the Arc de Triomphe in Paris on Tuesday afternoon.

"Europe lay down and France capitulated," the conservative deputy Philippe de Villiers told another farmers' meeting near Les Invalides in Paris.

"The government of Mr. Mitterrand and Mr. See FRANCE, Page 5

U.S. Officers Trained Civilians Tied to El Salvador Death Squads

By Tim Weiner
New York Times Service

WASHINGTON — As recently as three years ago, U.S. officers in El Salvador trained a group of wealthy Salvadorans associated with rightist death squads, State Department documents show.

The training occurred at a time when the threat of communism was receding and the Bush administration was pursuing peace settlements in Central America.

The documents are the first to describe Americans as training civilians tied to political killings in El Salvador, and the first to link U.S. support to Salvadoran death-squad activities in the 1990s.

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"My worst fears are realized," the U.S. ambassador, William G. Walker, wrote in a cablegram from San Salvador to the State Department in October 1990. The ambassador said he had learned that U.S. officers were giving weekly training to a group of 50 to 60 wealthy Salvadorans who called themselves Los Patriotas, the Patriots.

U.S. officers called the unit "the BMW Brigade." Mr. Walker called its members "adventure-seeking, gun-toting, 'Soldier of Fortune' magazine-subscribing, rich, young extremists."

Citing U.S. intelligence reports, he said the unit "was being used as a cover for death-squad activities."

Mr. Walker's cablegram did not say what rationale had been given for assigning U.S. military trainers to a civilian group. Nor did it specify the group's activities. But it said it was affiliated with Roberto d'Ambrusio, a rightist politician identified this year by a United Na-

Saddam Orders Release of Europeans

Kiosk

NICOSIA (AP) — President Saddam Hussein of Iraq ordered the release of a German on Tuesday, after he freed a Frenchman imprisoned six months ago for entering Iraq illegally, Iraq's press agency said.

Mr. Saddam ordered the release of Kai Soederstrom after meeting a German Foreign Ministry envoy, Hans-Jürgen Wischniewski. Earlier Tuesday, Jean-Luc Barriere, 25, of France, gained his freedom.

Britain and Ireland Near Peace Pact on North

LONDON (Reuters) — The prime ministers of Britain and Ireland, John Major and Albert Reynolds, will meet in London on Wednesday to put the final details to a declaration that could pave the way to peace in Northern Ireland. British officials said Tuesday. They said the two leaders agreed to the meeting after a hectic day of telephone diplomacy aimed at settling one of the world's longest-running guerrilla conflicts.

General News

Random testing backs estimates that up to 1 million Americans have AIDS virus. Page 3.

Israel lifted its ban on the remaining 200 Palestinian deportees. Page 2.

Crossword Page 22. Weather Page 22.

Newsstand Prices

Andorra	9.00 FF	Luxembourg	60 L Fr.
Antilles	11.20 FF	Morocco	12 Dh
Cameroun	700 CFA	Qatar	3.00 Rials
Egypt	E.P. 5000	Saudi Arabia	9.00 R.R.
France	9.00 FF	Senegal	480 CFA
Gabon	480 CFA	Spain	200 PTAS
Greece	280 Dr.	Tunisia	3,000 Din
Ivory Coast	580 CFA	Turkey	T.L. 10,000
Jordan	1 JD	U.A.E.	850 Dirh
Lebanon	USS 1.50	U.S. Mil. (Eur.)	\$1.10

Dow Jones	Trib Index	
Down 21.80	Down 0.96%	
3,742.63	108.40	
The Dollar		
New York	Time close	previous close
DM	1.7146	1.708
Found	1.4636	1.49
Yen	109.375	108.09
FF	5.8638	5.8405

STATESIDE / STARTING OVER ON PUBLIC AID

★ POLITICAL VOICES ★

Reno Moves to Put Justice Dept. in Order

WASHINGTON — Attorney General Janet Reno announced steps Tuesday to bolster the Justice Department's professional discipline process and to speed its response to judicial allegations of ethical misconduct by federal prosecutors.

She also said she intended to open to greater public scrutiny the findings of the department's Office of Professional Responsibility, which investigates complaints of abuse of power by Justice Department lawyers but whose findings, by department policy, generally have been kept secret.

Ms. Reno's action follows an increasing number of complaints from judges, defense lawyers and others about what they consider to be the increasing incidence of misconduct by federal prosecutors and the Justice Department's failure to discipline them or to reveal the results of internal investigations.

Many of the misconduct cases involve withholding of evidence helpful to defendants or targets of grand jury probes.

Most recently, judges have publicly accused prosecutors of such misconduct in their efforts to prove that a suburban Cleveland antoworker, John Demjanuk, was the Nazi death camp guard "Ivan the Terrible." Federal judges in Chicago have recently overturned convictions of members of the notorious El Rukns street gang, citing prosecutorial misconduct.

Ms. Reno's statement stemmed, in part, from the angry denunciation last week of the Justice Department's disciplinary process by a federal judge in Los Angeles. Judge James M. Ideman of U.S. District Court said he had been waiting three years for the department to respond to his findings of prosecutorial misconduct. He had dismissed a major racketeering case after determining that the prosecutor had concealed evidence favorable to the defendant and then lied to the court about it. "Delays in evaluating allegations of professional misconduct, such as the delay described by Judge Ideman, are not acceptable," Ms. Reno said.

Prosecutions Unlikely in Passport Inquiry

WASHINGTON — One year after the appointment of an independent counsel to look into the 1992 pre-election search of President Bill Clinton's passport files, the investigation is coming to a conclusion with the likelihood there will be no prosecutions, according to sources.

The counsel, Joseph E. diGenova, has interviewed former President George Bush and three of his former senior White House aides in the final phase of his inquiry, the sources said. Mr. Bush and the others "have produced records and cooperated completely," said a source outside the independent counsel's office.

But a recent sealed decision by Judge John Garrett Penn of U.S. District Court makes it unlikely that any criminal prosecutions will emerge out of Mr. diGenova's inquiry, according to another source outside the independent counsel's office.

Mr. diGenova was appointed by a special three-judge panel to investigate allegations that Bush administration officials illegally disseminated information from Mr. Clinton's passport files and that one or more senior White House staff members may have lied to State Department investigators about their knowledge of the search.

The appointment took place after the State Department's inspector general, Sherman K. Funk, found that Elizabeth M. Tampoi, who was the assistant secretary of state for consular affairs, and Steven K. Berry, who was the acting assistant secretary for congressional relations, had used their positions to attempt to find information critical of Mr. Clinton in the department's old passport files and thus affect the presidential election.

Quote/Unquote

Responding to reports that he sometimes flew his own plane home to Oklahoma, at a cost to the taxpayers of about twice the commercial air fare, Representative James M. Inhofe, a Republican, said: "Somebody in Congress has to maintain a presence in our air space system." (AP)

Away From Politics

- Many radiologists still believe in the benefit of routine mammograms for women in their 40s despite the National Cancer Institute's decision to stop recommending regular screening for these women. They say the benefits would be obvious if the proper studies were done. Critics say the studies of mammogram screening have included too few women in their 40s and did not follow them long enough.
- A looming shortage in the ubiquitous essentials of modern war — such as fuel trucks, chemical weapons detectors, medevac helicopters and mine-clearing equipment — could undermine the U.S. Army's ability to deploy and sustain combat forces in an extended crisis, a secret army study warns.
- Colorado's anti-gay-rights initiative is unconstitutional, a U.S. District Court judge said in Denver in his final ruling on the issue. He said the measure violated "the fundamental right of an identifiable group to participate in the political process." State officials said they would decide whether to appeal.
- A second witness has testified that the U.S. Navy's top admiral saw misconduct at the so-called Tailhook convention in 1991. Robert L. Beck, a commercial pilot and captain in the Navy Reserve, said Admiral Frank B. Kelso 2d overheard a group of men urging a woman to expose her breasts at the military officers' convention. Dozens of women say they were molested there by drunken navy and Marine Corps aviators.
- Users of hand-held cellular telephones are exposed to levels of radiation that are well within national safety standards, according to a study for the National Institutes of Health. (NYT, WP, AP)

Wisconsin Quits Federal Welfare System for State Plan

By Jason DeParle
New York Times Service

WASHINGTON — Wisconsin has decided to withdraw from the federal welfare program within five years and to replace the much-criticized system with an unspecified state plan for public relief.

The pledge, signed into law, is the first time a state has sought to drop the federal welfare program since its inception during the Depression, and it reflects the political turmoil engulfing the welfare system around the country.

The law was signed Monday after months of careful maneuvering by Governor Tommy G. Thompson, a conservative Republican, and Democratic legislators, who pushed through the radical measure in part as a political dare, doubting the governor would affix his name to it.

Mr. Thompson not only signed the law but praised it, as did its main sponsor, Representative Antonio Riley, a black Democrat from Milwaukee who was reared on public aid.

"We think the best thing to do is to start over afresh,

rather than tinker around the edges," Mr. Thompson said in a telephone interview.

About 5 million families nationwide, or 14 million people, rely on the federal program, officially called Aid to Families with Dependent Children. That is a national record, and the increased costs and caseloads are driving the public's antipathy in many states.

Wisconsin, where 243,000 of the state's 5 million residents receive benefits, is one of the few states where caseloads have actually declined in recent years, falling off 10 percent since 1988.

But there, as in most places, dissatisfaction with the welfare system remains deep. In seeking a complete revision of the program, the state is following a long history of social experimentation.

Mr. Thompson and Mr. Riley both criticized the current welfare system as being anti-work and anti-family. Mr. Riley described the system as "a jailer of people."

But it was clear they had clashing ideas about what a better system might look like, and it is impossible to know what kind of program might result.

Mr. Thompson vetoed Democratic language that suggested a new system might give public service jobs to people who could not find employment on their own.

"Make-work" is not the solution," Mr. Thompson said, arguing that it would be better to give private businesses new financial incentives to hire the needy. But such efforts have generally not worked in the past.

Mr. Riley said, "I believe there has to be some sort of job creation," though he added that he would support a move to limit the time someone could hold a community-service job.

In order to get federal money for its new system, the state must seek federal approval of whatever program it devises. The federal government now pays 60 percent of the state's annual bill, which totals \$453 million, and Mr. Riley argued that the state could not afford to finance a substitute alone.

Legal advocates for the poor were already threatening to challenge the process in court.

"The provisions they seek to get waived may be

provisions that protect poor people," said Henry Freedman, director of the Center of Social Welfare Policy and Law, a New York group that provides advice to lawyers for the poor.

Both Democrats and Republicans in Wisconsin said they would work hard to devise a new system of public assistance. But it remains unclear what would happen if they failed to reach agreement by Jan. 1, 1999, when the current program is to expire.

The Wisconsin move comes as the Clinton administration is also proposing a sweeping overhaul of the welfare system, based on President Bill Clinton's popular campaign pledge to "end welfare as we know it."

Mr. Clinton pledged to impose a two-year limit on cash assistance. After that, he has said, recipients would be required to work or face a reduction in their benefits. But he has not said where the jobs would come from or how the program would be financed.

A study group of administration officials is now drafting a proposal, which may go to him for approval within the next few weeks.



Photographers outside Michael Jackson's Neverland Ranch near Santa Barbara, California, hoping for a glimpse of the entertainer.

Jackson Maid Says She Quit 'in Disgust'

By Jim Newton and Miguel Bustillo
Los Angeles Times Service

LOS ANGELES — A former maid for Michael Jackson has told the authorities that she quit her job with the entertainer after seeing him naked with young boys on a number of occasions, according to sources close to the investigation of Mr. Jackson.

Blanca Francia, the former maid, told the Los Angeles Times that it was true that she quit in 1991. "I was disgusted," she said. "I could not stay."

Miss Francia is scheduled to give a deposition later this week, and she declined to discuss what she saw in detail, saying she preferred

to wait until after she had spoken under oath. She confirmed, however, comments from sources who said she gave investigators details of her years with Mr. Jackson and her reasons for leaving.

Larry R. Feldman, the lawyer for a 13-year-old boy who alleges that the singer sexually molested him, declined requests for comment on Miss Francia, but he has previously said that she is an "extremely significant witness."

According to sources close to the investigation, Miss Francia has said that she saw Mr. Jackson in a shower with a young boy and in a whirlpool bath, where he also was with a boy. In both cases, Miss Francia said Mr. Jackson and the

boys were naked. Miss Francia also has alleged that she once found Mr. Jackson and another boy together in a sleeping bag.

Miss Francia said she worked for the singer for five years, quitting only because she became angered by what she saw of his contact with young boys. "It was very difficult," she said.

Miss Francia is the only person close to Mr. Jackson to publicly state that she saw the entertainer naked with young boys.

Miss Francia's remarks to the Times came as intensely mounted in a related pair of criminal and civil investigations into Mr. Jackson's relationship with the 13-year-old. Lawyers for Mr. Jackson obtained a temporary gag order Monday that prevents lawyers from discussing the contents of depositions taken in the civil suit.

After the court session, one of Mr. Jackson's lawyers confirmed that the entertainer, 35, had returned to Southern California, ending a stay in Europe where Mr. Jackson said he was seeking treatment for addiction to painkillers.

Sources said the singer's lawyers and prosecutors had held at least one meeting, which dealt in part with the conditions for Mr. Jackson's return. Among other things, the police want to examine Mr. Jackson's body to see if what they observe matches a physical description provided by the boy.

Kevorkian Faces a 3d Trial Over Suicide Help

The Associated Press

ROYAL OAK, Michigan — Jack Kevorkian was ordered Tuesday to stand trial on a charge of helping someone with Lou Gehrig's disease commit suicide. He now faces three trials in separate deaths.

District Judge Daniel Sawicki ruled that there was enough evidence for Dr. Kevorkian, 65, to be tried on a charge that he helped Merian Frederick, 72, commit suicide Oct. 22 by inhaling carbon monoxide.

Judge Sawicki refused to reduce Dr. Kevorkian's \$50,000 bond, set

two weeks ago. Dr. Kevorkian has been jailed since then and has refused solid food during that time.

Later Tuesday, Dr. Kevorkian planned to be in another court for a hearing on efforts to get one case dismissed. His lawyer, Geoffrey Fieger, said he could show that the death of Donald O'Keefe, who had bone cancer, met the guidelines set out by a Wayne County Circuit Court judge, Richard Kaufman, for committing a reasonable suicide.

Dr. Kevorkian, a retired pathologist, has been present at 20 deaths since 1990. He is challenging the

constitutionality of Michigan's law prohibiting the assisting of a suicide, enacted this year to stop him.

During the hearing in Oakland County, Judge Sawicki refused to consider arguments that the Frederick case should be dismissed based on Judge Kaufman's ruling Monday.

He heard testimony from Mrs. Frederick's relatives, including her son, Richard Frederick, who said, "My mother was terminally ill and wanted to end it all." She had had amyotrophic lateral sclerosis, known as Lou Gehrig's disease.

Judge Kaufman ruled Monday that people suffering from illnesses from which they are unlikely to recover had the right to kill themselves. But he also said the decision to die must be made rationally and without undue influence.

In the hearing, Mr. Fieger said he would show Judge Kaufman a videotape of Mr. O'Keefe, 73, telling Dr. Kevorkian, "I want to stop the pain. I want to stop the suffering."

Under Judge Kaufman's ruling, if Dr. Kevorkian can show that Mr. O'Keefe met the conditions he outlined, the charge of assisting a suicide could be dismissed.

First Random Testing Backs Estimates of 1 Million HIV Cases

By Boyce Rensberger
Washington Post Service

WASHINGTON — The first attempt to estimate the prevalence of the virus that causes AIDS by testing blood from a random sample of Americans indicates that 300,000 to 1 million are infected, according to the National Center for Health Statistics.

Geraldine McQuillan, an epidemiologist with the U.S. agency who presented the findings, said the figures "generally confirm" estimates by the Centers for Disease Control that have been based on a different method. For several years, the centers have estimated that about 1 million Americans are infected with HIV.

Efforts to measure the size of the AIDS epidemic have been notoriously difficult, both because of the unwillingness of many people in high-risk groups to be

tested and because of the long and highly variable period between the onset of infection and the first symptoms that might prompt a person to be tested.

Ms. McQuillan said that in her survey, 7,992 Americans over age 18 were selected from 1988 to 1991 to represent the entire country and agreed to have their blood tested and the results reported anonymously. Of these, 29 were HIV-positive, about 0.36 percent. If extrapolated directly to the population in the same age group, the survey would suggest that 550,000 Americans are infected.

"But we know that's got to be an underestimate," she said, "because we only surveyed people living in households who agreed to be tested. We didn't include people in prisons or other institutions or the homeless." And, she said, some people refused to cooperate. These unsampled groups are known to have relatively high rates of HIV infection.

The wider span of 300,000 to 1 million comes from a statistical calculation designed to show the range within which one can be 95 percent certain that the true prevalence of the infection lies.

Ms. McQuillan reported the figures at the National Conference on Human Retroviruses and Related Infections, being held here this week.

The Centers for Disease Control's chief epidemiologist, John Ward, said that 1 million has not changed for a number of years, reflecting the belief that the epidemic is roughly stable. In other words, the number of infected people who come down with AIDS and die is offset by the number who are newly infected.

Since the beginning of the epidemic in the early 1980s, Centers for Disease Control figures show that about 339,000 Americans have become infected with HIV and about 204,000 of these have died. Mr. Ward

said it is estimated that 40,000 to 60,000 Americans become infected each year.

"That's a lot, but not as much as it was in the early days of the epidemic," he said. "AIDS is more of a stable situation now."

Ms. McQuillan offered much the same interpretation. "AIDS has not exploded the way some people thought it might," she said, "but, on the other hand, we're not making much headway in bringing down the numbers."

When the blood test results are broken down by ethnic group, she reported, they suggest that 0.3 percent of whites are infected, compared with 1 percent of blacks and 0.4 percent of Mexican-Americans. In all groups, men were twice as likely to be infected as women. The highest infection rate was among black men, 2 percent.

AMERICAN TOPICS

'Poetry in Motion'

Grace N.Y. Subways
Placards in every one of New York's 6,000 subway cars now feature poems along with the advertisements. They include an excerpt from Dante's "Inferno," John Keats's ode "To Autumn" and the first stanza of T.S. Eliot's "The Love Song of J. Alfred Prufrock."

The response from the passengers — 33 million a day — has been enthusiastic. Beth J. Harpaz of the Associated Press reports.

The program, called "Poetry in Motion," began a little over a year ago after the Transit Authority's president, Alan Kipper, saw po-

Short Takes

CHIT Notes, synopses of the classics, have long made it easier for college students to avoid read-

ing "Madame Bovary" or "Wuthering Heights." Now comes a new, shorter notes from college lecture classes, which students can purchase from an off-campus entrepreneur if they cut a class. Taking notes for others is, of course, economically viable only for large classes with hundreds of students.

Some professors condone the practice and even collect royalties on sales of their lectures, but most condemn it. The University of Florida spent \$100,000 in legal fees trying to stop sales of its professors' notes, but a federal jury rejected its arguments. The university is considering an appeal.

Ivan the gorilla is expected to move from isolation in a department store window near Seattle to the Atlanta Zoo, which has 10 gorillas. The African lowland gorilla, captured in the Congo in 1964, has spent nearly three solitary de-

Samuel Stayman, Creator of Bridge Convention, Dies

New York Times Service
NEW YORK — Samuel M. Stayman, 84, known in bridge players throughout the world because of the Stayman Convention, a form of inquiry in bidding, died of cancer Saturday in Palm Beach, Florida.

Mr. Stayman was best known for the Stayman Convention, a two-card bid in response to one no-trump to ask for a major suit, which is used almost universally.

Building on suggestions by his partner, George Rapee, and others, he published the first article on the convention in 1945, and developed the idea in further articles and books.

Today there are a host of Stayman offshoots.

In his newly published "The Book of Guys," Garrison Keillor, the radio personality and satirist, remarks that "girls had it better from the beginning. They were allowed to play in the house, where the books were and the adults, and boys were sent outdoors like livestock.... Boys ran around in the yard with toy guns going kksahl-kkshh, fighting wars for made-up reasons and arguing about who was dead, while girls stayed inside and played with dolls, creating complex family groups and learning to solve problems through negotiation and role-playing. Which gender is better equipped on the whole, to live an adult life, would you guess?"

Arthur Higbee

High Tide for Immigrants

Los Angeles Times Service
WASHINGTON — Two years after Congress liberalized the nation's immigration laws, the United States in 1992 admitted 810,635 legal immigrants, representing one of the largest one-year increases since the turn of the century.

A total of 336,663 of these newcomers, or 41 percent, relocated in California, more than the sum of new immigrants in New York, Texas, Florida and New Jersey, which had the next highest tallies.

The leading countries of emigration in the United States were Mexico, with 91,332; grants; Vietnam, 77,728; the Philippines, 59,179; and the republics of the former Soviet Union, 43,590. The report does not include numbers for illegal immigration, estimated to be 200,000 to 300,000 a year.

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Herald INTERNATIONAL Tribune
15-12-93

THE TRADE DEAL / ASIAN CONFERENCE

A Shot in the Export Arm for a Dynamic Pacific

By Michael Richardson
International Herald Tribune

SINGAPORE — Asia-Pacific countries, whose rapid economic growth is closely tied to trade, said Tuesday that the U.S.-EC accord would help sustain the region's dynamism into the next century.

oriented economies than the pain of further opening their own markets to imports.
"Seen from this part of the world, almost any compromise agreement between the U.S. and EC would have been welcome," said Hadi Soesastro, an economist who is executive director of the Center for Strategic and International Studies in Jakarta.

and other big countries to resort to unilateral measures against their trading partners, he added.
Voicing a common concern of East Asia, Lee Kuan Yew, Singapore's senior minister, said in Tokyo recently that if the Uruguay Round failed, Japan would "catch a cold" but Singapore would get "double pneumonia."

Singapore's external trade is three and a half times the size of its gross domestic product. While this is the heaviest trade dependence in the region, almost all other East Asian countries rely to a considerable degree on trade to sustain rapid economic growth.

General Agreement on Tariffs and Trade

Environmental principles trade to be conducted on basis of nondiscrimination (most-favored-nation clause), subject to clearly defined exceptions.
Key developments: There have been eight rounds of negotiations, dealing with specific trade issues.



FRANCE: A 'Great and Beautiful' Cultural Victory

Confirmed from Page 1
Balladur has purely and simply betrayed the interests of France.
Former President Valéry Giscard d'Estaing, whose Union for French Democracy party formed part of the coalition government, also seemed reluctant to give too much credit to Mr. Balladur.

Hosokawa Is Facing Revolt Over Rice

By T. R. Reid
Washington Post Service
TOKYO — Prime Minister Morihiro Hosokawa battled Tuesday to keep his coalition government together following his historic decision to end Japan's ban on rice imports.



Prime Minister Hosokawa at a news conference on Tuesday.

GATT: Fights Shelved, Deal Is Set

Confirmed from Page 1
could derail the agreement at this stage.
The agreement to drop the movie industry from the package left the American side with a public-relations defeat, yielding on an issue that had elevated to the highest importance, but it was not likely to have any immediate business implications.

Heavy Fighting in Sarajevo Shelling Kills 12 Civilians, Airport Is Closed

By Chuck Sudetic
New York Times Service
SARAJEVO, Bosnia-Herzegovina — Intense firefights in central Sarajevo and heavy rain shelling and sniping throughout the city Tuesday killed 12 civilians and more than 20 wounded, hospital officials and news reports said.

Protesters Go Unclad Against The Fur-Clad

Reuters
LONDON — Three anti-fur protesters shocked Christmas shoppers in a busy London street on Tuesday by wearing only briefs and banners.

Protesters Go Unclad Against The Fur-Clad

Reuters
LONDON — Three anti-fur protesters shocked Christmas shoppers in a busy London street on Tuesday by wearing only briefs and banners.

SQUADS: U.S. Officers Trained Civilians Linked to Salvador Rightists

Continued from Page 1
tions-sponsored investigation of human-rights abuses in El Salvador as the mastermind of the nation's death squads. Mr. d'Aubuisson died of cancer in 1992.

Protesters Go Unclad Against The Fur-Clad

Reuters
LONDON — Three anti-fur protesters shocked Christmas shoppers in a busy London street on Tuesday by wearing only briefs and banners.

Protesters Go Unclad Against The Fur-Clad

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Advertisement for 'about to All... in Vietnam' and other services.

Advertisement for 'SQUADS: U.S. Officers Trained Civilians Linked to Salvador Rightists' and other news items.

OPINION

Clinton Should Stay Clear of Assad

By A. M. Rosenthal

NEW YORK — Picking them up in North Korea, Russian cargo planes delivered truck chassis to Syria. They are special chassis, used as mobile launchers for Scud missiles targeted at Israel.

For months, the United States and Israel have kept the transfer secret from their publics. It was too embarrassing, after all the warm talk from Washington and Jerusalem about how the Russians and Syrians would now help bring peace to the Mideast. On Sunday, the story was broken in The New York Times by Michael R. Gordon.

The chassis are helpful to Syria but will not change the military picture in the Middle East. Next month, however, another special delivery can change the political picture to Syria's enormous advantage — the delivery from Washington of the president of the United States.

To coax Syria back to the negotiating table with Israel, the United States has agreed that President Bill Clinton will meet in Europe with Hafez Assad. Mr. Assad is the longtime president of Syria. He is also a longtime person-butcher — the perpetrator of massacres that have killed thousands of his own people.

Under his rule, the arrest, torture and execution of dissidents has been made government policy. Lebanon was grabbed up and colonized, and 10 Middle East terrorist organizations are trained for and carry out attacks against foreign targets — including Americans.

For these actions and more, Syria is on the U.S. terrorist list. When President George Bush visited with this man in 1992, Bill Clinton richly denounced ap-

peasement of Syria. So did Israelis. Now Yitzhak Rabin, Israel's current prime minister, believes that a Clinton-Assad meeting could persuade Syria to make a deal with Israel if the current Israeli mess with Yasser Arafat is patched up.

The Clinton administration cannot be more cautious about Middle East peace arrangements than Israel, when Mr. Rabin is willing to take the risks. So it may be expected to do everything it can to bring about the agreements — everything decent and within U.S. interests.

But by this time, the United States should have learned that it is neither decent nor within its interests to build up Middle East dictatorships in arms or political stature. In Iraq and Iraq the United States found it was building up enemies, for terrorism or war.

There is no evidence that Mr. Assad pays off appeasement. He collects political, military or economic advantages in advance, banks them, and does exactly what he then decides best solidifies his hold on power.

The deserts are littered with the bones of Western, Arab and Israeli diplomats who thought they were smarter than this fellow. He is not only smarter but can murder anybody at home who raises a voice against whatever he decides to do.

But what harm does it do if a president lends the dignity of his office to a big-time killer? What difference if Washington allows Kuwait to transfer

U.S. planes to Syria despite the ban on such transfers to terrorist nations?

Why, none at all, if you do not think America has an interest in promoting democracy and a fighting state terrorism. None, if you do not think Clintonian democratic idealism is corrupted to the point of mockery by siding up to one of the more vicious tyrants.

No, if you feel, as do Mr. Rabin and some other American allies, that involving human rights in international deals is sentimental slop. And none if you feel that Syrian complicity in the downing of Pan Am 103 must be covered up.

Despite Western attempts to white-wash Syria, CIA specialists who were on the case from the beginning believe that Palestinian terrorists operating out of Syria planned painstakingly to bomb an American plane, and when their group was infiltrated handed the job over to their Libyan friends.

As a candidate, Mr. Clinton promised the relatives of the Pan Am dead that he would not accept a cover-up but would answer all their questions about Syrian and Iranian involvement.

He has not. It is a bit late now for credibility, isn't it? You don't first chat with a mass murderer for your own purposes and then announce that he was innocent all along.

It is not too late to call off the visit with this evil man. Mr. Clinton does not belong with him. If peace is possible between Syria and Israel, it will not be brought a day sooner by allowing the demeaning of the American presidency.

The New York Times



These Self-Styled Arbiters Never Bothered to Ask Me

By Richard Harwood

WASHINGTON — Adolph Ochs, who bought The New York Times in 1896, and Eugene Meyer, who bought The Washington Post in 1933, were typical of the "politically correct" newspaper publishers of their time. They were proper Victorians. They took their cues on what was "fit to print" from the

MEANWHILE

upper-crust social circles in which they moved, barring from their newspapers language and subject matter considered "offensive" in polite society.

The Times, Mr. Ochs vowed, would never "soil the breakfast table" with the salacious trash hawked by its sensationalist competitors. The Post, Mr. Meyer promised, would "observe the decencies that are obligatory upon a private gentleman." When a reporter brought Mr. Meyer evidence that Franklin Roosevelt was involved in an extramarital affair, he was not amused. He had no intention, he said, of publishing information demeaning to the United States presidency.

By mid-century, obscenity to the standards of "taste and decency" in the middle-class marketplace had become universal in American journalism except for a few raunchy tabloids. Carnality, eroticism, scatology, profanity, gossip and other vulgarities had no place in "family newspapers." Language codes governing these and other matters of taste were enshrined in manuals of style and usage.

They are still there. But no longer do they afford much protection to bourgeois sensitivities or to the concepts of "taste and decency" advanced by Mr. Ochs and Mr. Meyer. These concepts, as the Post stylebook notes, "are constantly changing" to stay in touch with a new society dominated by baby boomers who have created a unisex colloquial language heavily dependent on obscenity and other vulgarisms for its effects.

This was the language of the World War II serviceman, who may have introduced it to his children, who are today's boomers. Perhaps it is a legacy of the cultural upheaval of the '60s and '70s, which made lavish use of dirty words, sexual experimentation, drugs and noise as generalized forms of protest.

Today the four-letter Anglo-Saxonism is as commonplace as premarital sex among the men and women of that generation. It is endemic, too, in the speech of their children.

The U.S. media are highly reactive to social change, capable, it is said, of spotting trends before they happen, even trends that will never happen. So it is not strange that the language codes and habits of usage in the press and on television now reflect the "taste and decency" standards of the schoolyard and singles bars. The mainstream press is not as uninhibited as a comedian like Howard Stern, although people are constantly trying to extend the outer limits.

But the media culture as a whole is permeated these days with sex, coarse language, violence and vulgarities that were taboo 25 or 30 years ago.

It is tempting to say that we have reached a point in the media and in American civilization at which anything goes. Yet, along with the crudities and insensitivities of word and gesture they serve us for breakfast, leading journalists are embarked on a mission of "political correctness" intended to purge the language — both written and spoken — of all things presumed to be "offensive" to women or to any racial, ethnic, sexual or handicapped minority. It is a mission with Orwellian overtones. The FBI already probes around into the lives of thousands of people under consideration for federal jobs, searching aggressively for evidence of "offensive" utterances that might suggest bias.

What is "offensive"? The editor of the Los Angeles Times, Shelby Coffey 3d, tackles that question in a 19-page encyclical issued on Nov. 10: "Guidelines on Ethnic, Racial, Sexual and Other Identification." He does not deal with gross and inflammatory epithets such as "gook," "spic," "nigger" or "kike," which were eliminated from newspapers many years ago. What Mr. Coffey deals with in the drive for "correctness" is nuance.

A long entry deals with the term "African American," a recent substitute for "black." "Both this term and the adjective black are permitted under certain circumstances. Keep in mind that a black person is not necessarily an African American and that an African American is not necessarily a black person.

"Heterosexual" is acceptable when referring to straights, but "homosexual" appears to be unacceptable when referring to nonstraights. "Gay" is the word of choice, though "lesbian" is the preferred term for women.

"Dutch treat" is a no-no, "an offensive reference to sharing expenses."

"Gyp, gyped, gyp joint. The terms are derived from Gypsy. They are offensive." "Handicap, handicapped person. The word is offensive." "Hick. Offensive reference to a rural person."

This may be the road to political correctness, but who drew the map? Who among the public has ever said that "Dutch treat" or "gyp" is offensive? None of the people involved in making up these lists has ever polled the universe to arrive at those judgments. What does the Los Angeles Times consider to be nonoffensive to its readers? It publishes a weekly listing of best-selling books by black authors. In that category the Times reported on Nov. 29 that its nonfiction paperback list was headed by a book written and published by Don Spears. The title was: "In Search of Good Pussy: Living Without Love." That, one must assume, is politically correct in the 1990s.

The Washington Post

LETTERS TO THE EDITOR

African Ombudsman

Regarding "A Homeland That Won't Go Quietly" (Nov. 27):

Bill Keller writes that President Lucas Mangope is "the first and only president" in the 16 years of Bophuthatswana's independence, as if this were different from the rest of Africa. But this reflects the experience of the majority of countries on the continent. And President Mangope at least backs the African trend by insisting on open elections every four years.

President Mangope also installed the first ombudsman in black Africa (which often rules against the establishment, as indeed it should); the law courts are renowned for being independent (again, ruling against the government and others in privileged positions); and economic growth has been virtually unparalleled in Africa.

ANTHONY McCALL-JUDSON, Bophuthatswana National Commercial Corporation, London.

Aftermath in Cyprus

Regarding "Why Turkey Invaded" (Letters, Nov. 26): Eskil Svane is correct in his explanation of "why Turkey invaded Cyprus" in July 1974. As he stated, the failed coup by the Greek junta was "not only contrary to international law but to the specific agreements and treaties that guaranteed the independence of the island state."

It is also true that Turkey was one of the guarantor powers, along with Britain and Greece. Lastly, it is true that President Makarios was obliged to flee. Mr. Svane claims that the Turkish invasion was "to prevent the forced annexation of Cyprus by Greece and to protect the Turkish Cypriots." But the Greek junta had had the intention of annexing Cyprus, there was no time to do it. The Turkish Cypriots were never in danger. There were no casualties during the few days the coup lasted.

The Turkish government claimed at the time that the invasion was "to restore constitutional order." Archbishop Makarios returned to Cyprus immediately after the coup failed. Thus, constitutional order was immediately restored with his return.

But Turkish occupation forces are still there 19 years later. They have expelled 200,000 Greek Cypriots from the Turkish-occupied area in northern Cyprus.

confiscating their property and settling about 100,000 mainland Turks there. T. L. CHRYSANTHOPOULOS, Athens.

The Source of Natural Law

Regarding "From Calvin and Hobbes to the Pope, Laws Written on Our Hearts" (Opinion, Nov. 27) by James Q. Wilson:

If people need to make up stories about God creating a "natural" law, then that is a reflection of their own moral vacuity. Ethical behavior is a matter of the individual intellect, regardless of one's religious upbringing.

The alleged current lack of "values" results from an alarming lack of intellectual development in our youth. The pope's encyclical serves its purpose well, provided that people don't take it too seriously, and continue to use their own brains to make sense out of the world. D. HUNT, Prague.

Before the Raj

Regarding "Fizz and Wazz, and Out of Control" (Language, Nov. 22): William Safire writes that Sir Charles James Napier, the British general, took

Sind in 1843 — "some say without imperial orders" — giving a double meaning to his play on words in using the Latin *peccavi* (I have sinned).

In fact, there were no imperial orders in India until after the Sepoy mutiny of 1857-1858, when the British Raj was established — that is, when direct control by the British government supplanted the East India Company. Mr. Safire owes us a *peccavi*. P. C. HOLZBERGER, Logrian, France.

Ups and Downs of Modems

Regarding "Why It's Hard to Buy Software in Europe" (Business/Finance, Dec. 4) by Mitchell Martin:

The article mentions the outrageous price for modems in Europe. In France, a 2400/9600 modem/fax card sells for about 5,000 francs, and may be easily discounted to 3,000 francs — roughly \$500. In the United States the mail-order price is about \$50!

The problem is not limited to computer hardware and software. Imported scientific equipment sells in France for up to three times the U.S. price. In Germany it is about twice the U.S. price. If U.S. companies wish to enlarge

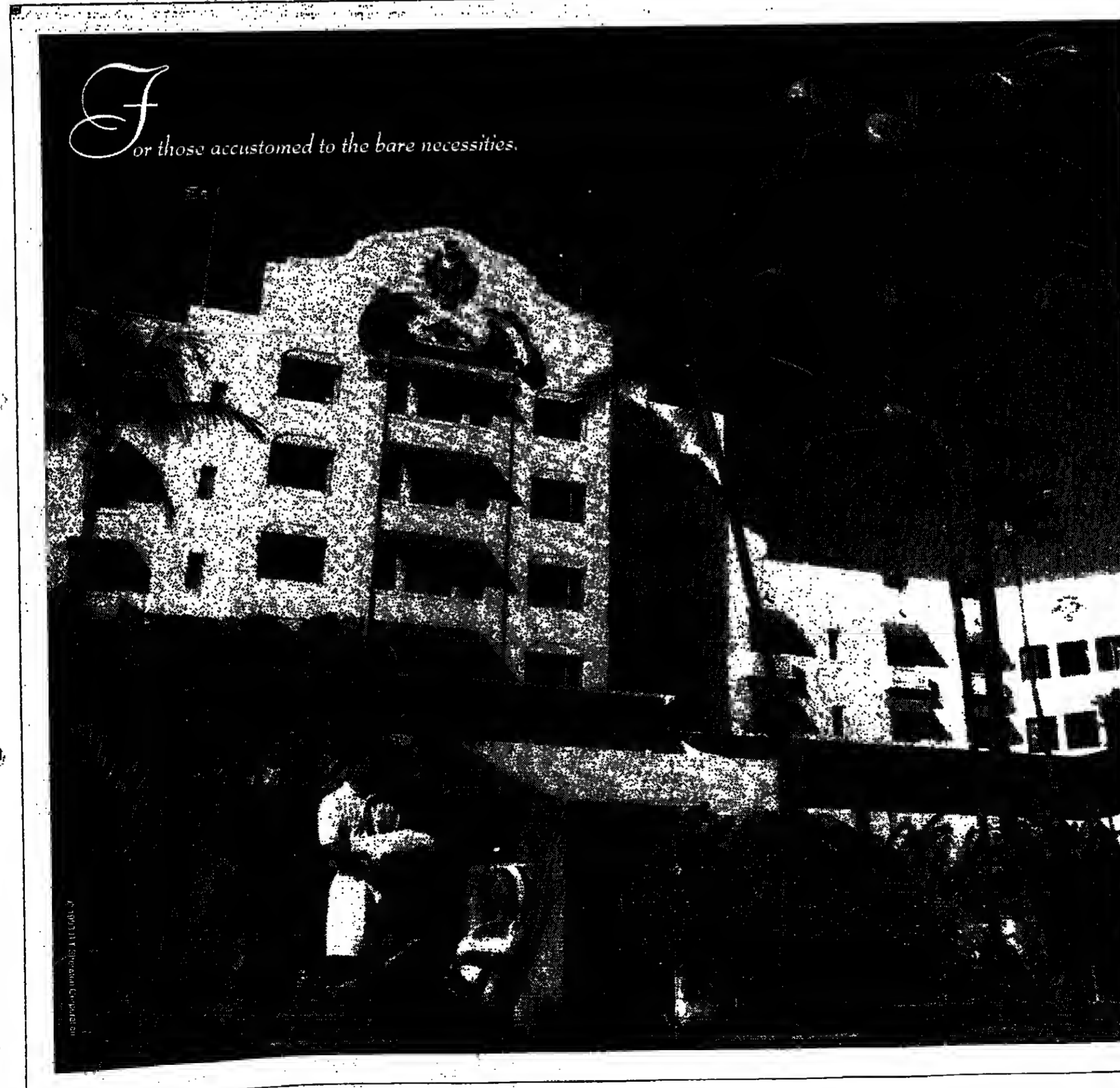
their exports to Europe, they will have to set limits on the markup imposed by their representatives. Value-added tax and customs represent an addition of about 25 percent to the U.S. prices. They do not justify the huge price differences that are commonly practiced. GIANNI ASCARELLI, Meylan, France.

The Dictators' Play

"Interference in internal affairs," as it is usually framed, is a clever way dictators throughout the world and especially in Africa interpret (or misinterpret) the United Nations Charter to keep at bay various human rights abuses carried out in the dictators' countries.

World leaders should note that they have every right to monitor and to interfere in any country should this be necessary to save the lives of innocent people suffering under repressive regimes.

Dictators should not be given any latitude to prevent such fair-minded intervention. Each of us should be his brother's keeper. POKOU BEN, Abidjan, Ivory Coast.



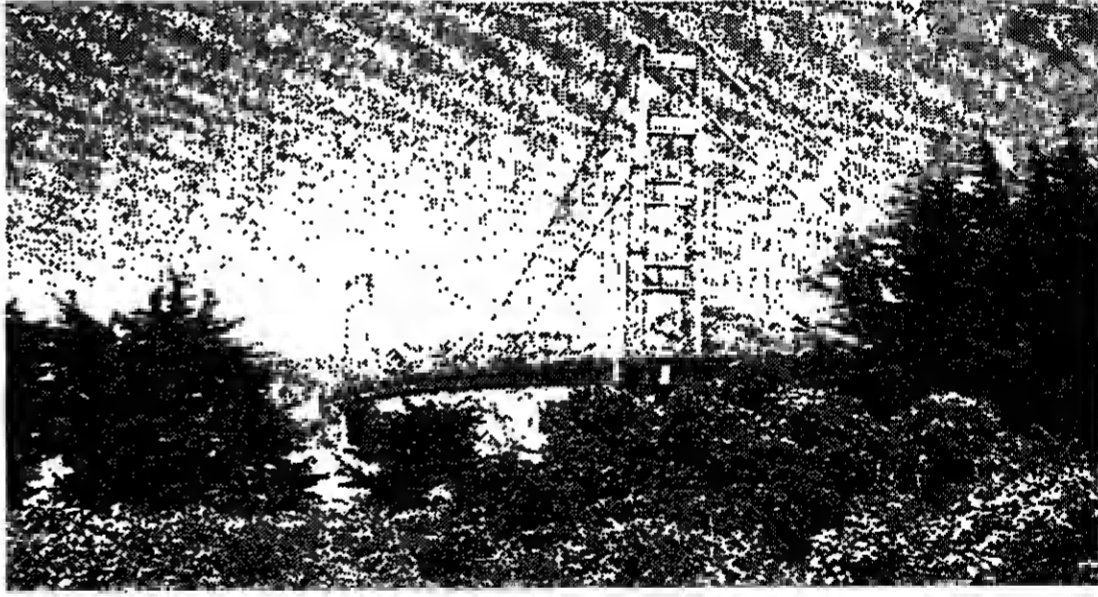
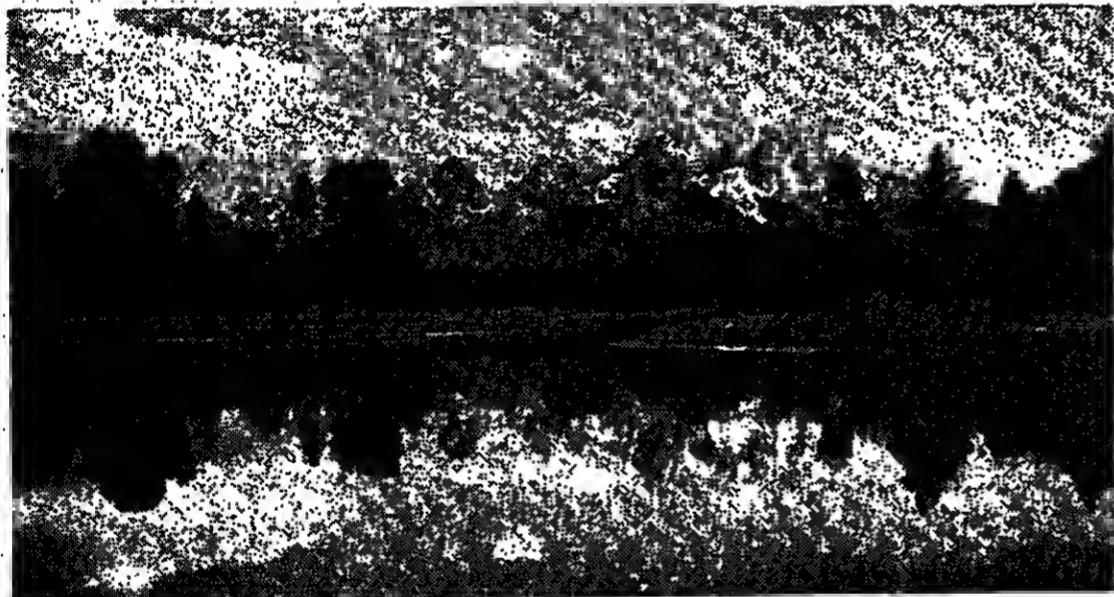
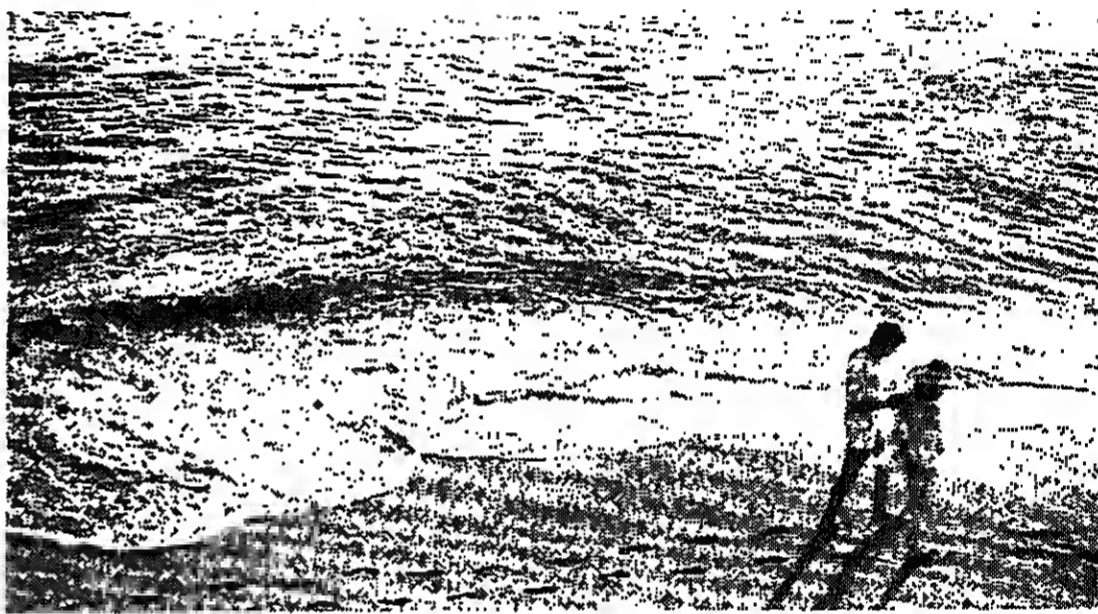
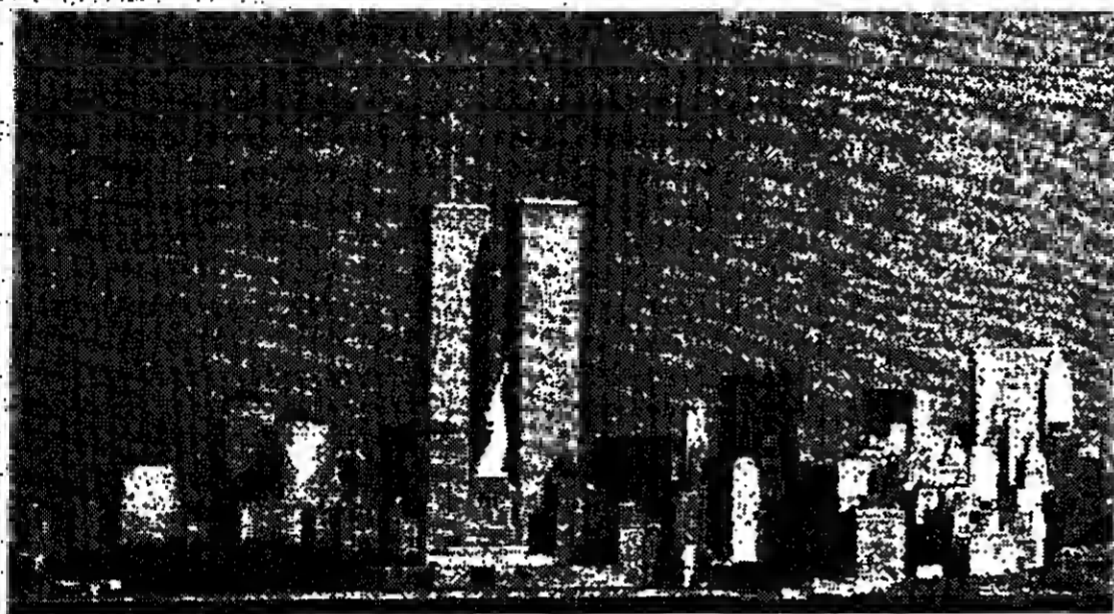
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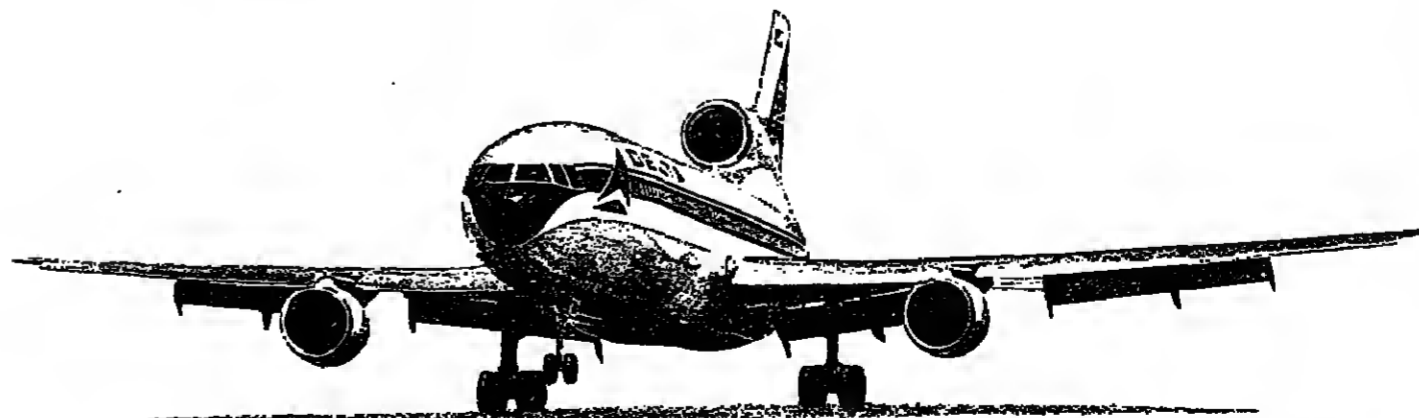
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NYSE

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect the trades elsewhere. Via The Associated Press

Symbol	High	Low	Open	Close	Change
IBM	125 1/4	124 1/4	124 3/4	125 1/4	+1/4
MSFT	45 1/4	44 1/4	44 1/2	45 1/4	+1/4
GE	40 1/4	39 1/4	39 3/4	40 1/4	+1/4
AMZN	17 1/4	16 1/4	16 3/4	17 1/4	+1/4
GOOG	110 1/4	109 1/4	109 3/4	110 1/4	+1/4
DIS	35 1/4	34 1/4	34 3/4	35 1/4	+1/4
INTL	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
ORCL	25 1/4	24 1/4	24 3/4	25 1/4	+1/4
HPQ	35 1/4	34 1/4	34 3/4	35 1/4	+1/4
QCOM	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
TXN	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
AVY	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
BA	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
GM	25 1/4	24 1/4	24 3/4	25 1/4	+1/4
F	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
W	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
PG	25 1/4	24 1/4	24 3/4	25 1/4	+1/4
KO	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
PEP	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
WMT	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
CVS	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
UNH	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
MRK	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
ABB	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
ALC	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
AMT	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
DLN	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
SPX	15 1/4	14 1/4	14 3/4	15 1/4	+1/4

Symbol	High	Low	Open	Close	Change
INTL	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
ORCL	25 1/4	24 1/4	24 3/4	25 1/4	+1/4
HPQ	35 1/4	34 1/4	34 3/4	35 1/4	+1/4
QCOM	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
TXN	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
AVY	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
BA	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
GM	25 1/4	24 1/4	24 3/4	25 1/4	+1/4
F	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
W	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
PG	25 1/4	24 1/4	24 3/4	25 1/4	+1/4
KO	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
PEP	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
WMT	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
CVS	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
UNH	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
MRK	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
ABB	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
ALC	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
AMT	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
DLN	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
SPX	15 1/4	14 1/4	14 3/4	15 1/4	+1/4

Symbol	High	Low	Open	Close	Change
INTL	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
ORCL	25 1/4	24 1/4	24 3/4	25 1/4	+1/4
HPQ	35 1/4	34 1/4	34 3/4	35 1/4	+1/4
QCOM	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
TXN	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
AVY	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
BA	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
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DLN	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
SPX	15 1/4	14 1/4	14 3/4	15 1/4	+1/4

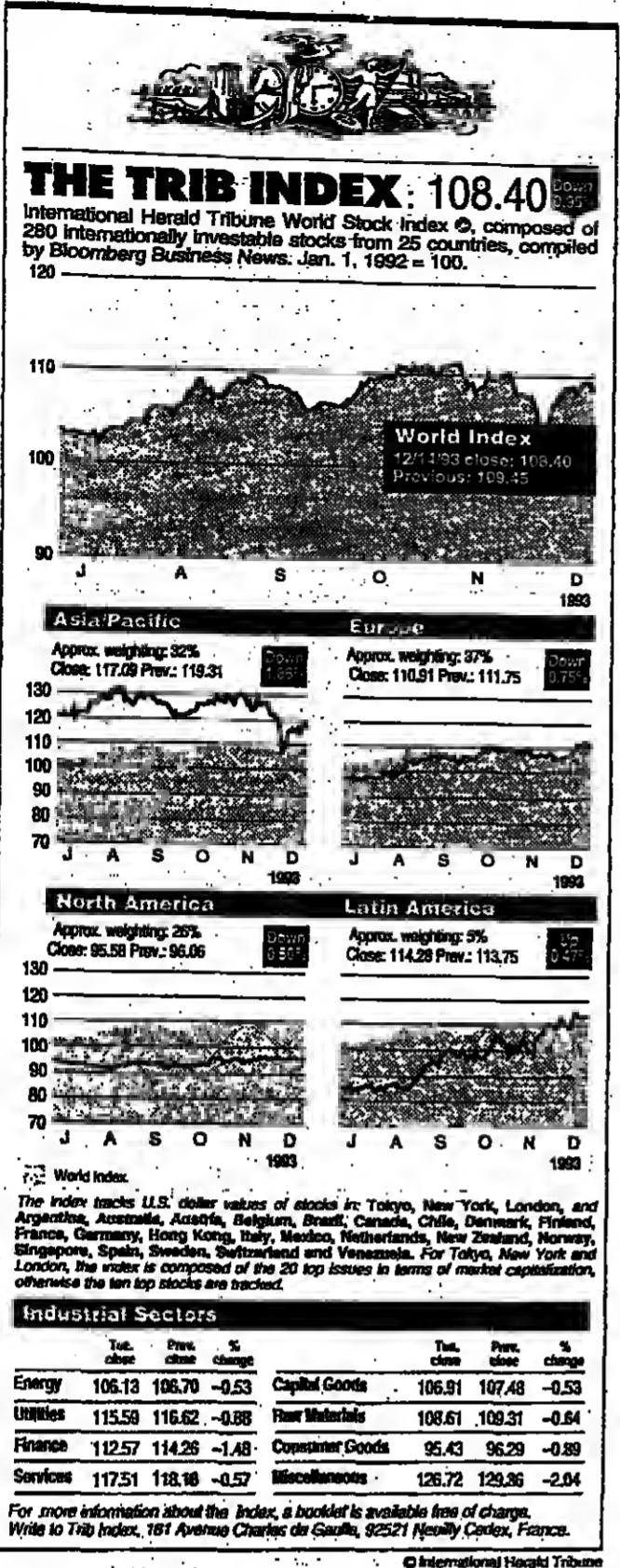
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AMT	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
DLN	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
SPX	15 1/4	14 1/4	14 3/4	15 1/4	+1/4

Continued on Page 14

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This Alliance Demands Patience

Five Years On, Daimler and Mitsubishi Are Still Talking

By Steven Brill and Brandon Mitchener
International Herald Tribune

A German industrialist visiting Hong Kong in October stumbled upon a group of managers from Daimler-Benz AG and Mitsubishi who were discussing the two conglomerates' latest plans for a grand global alliance.

Asked what the four days of meetings were likely to produce, a Daimler officer told the industrialist: "Not much, as usual."

That downbeat assessment sums up the informed view of the five-year partnership between Daimler and the Mitsubishi group of companies, industrial giants that stand at the center of Europe's and Asia's largest economies.

Indeed, the high-profile alliance — initiated in 1988 with considerable hoopla by Daimler, which remains the more ardent partner — has so far failed to meet expectations, according to sources in Germany and Japan familiar with both camps. Many potential projects have failed, while others are blocked by prior commitments.

The result has been an "extremely loose alliance," according to Takeshi Eguchi, vice chairman of Mitsubishi Corp., the trading company that is the center of the group and one of four units with which Daimler is talking. Rather than pooling resources in an area of overlap, from cars to electronics to high-speed trains, he said, "we are tying up only when it works for each individual company" and both sides are allowed to flirt with others. "We're both free," he said.

"We never said we were going to be rebuild the old Tokyo-Berlin axis," added Ursula Merzig-Stein, a Daimler spokeswoman. "All

we said we'd talk with Mitsubishi about topics of common interest."

Nevertheless, executives of both companies insist it is too early to bury their dream of a more far-reaching exchange. Edzard Reuter, chairman of Daimler, called the companies' last summit meeting in Berlin their best.

'Everything in life takes a certain time to mature. We still believe it can be done.'

Gerhard Liener, Daimler's chief financial officer and chief liaison with Mitsubishi.

yet and hailed an agreement involving semiconductor technology as a "milestone" in their relationship.

While some observers dismissed the semiconductor project and others announced in November as "modest" — at \$50 million a year, the projects are financially marginal to concerns whose businesses total billions — Daimler and Mitsubishi continue to dangle the prospect of bigger things to come.

Gerhard Liener, Daimler's chief financial officer and chief liaison with Mitsubishi, termed expectations of an imminent deal on superjet jets or high-speed trains "unreal," but added, "It could very well be that sometime in the next two-three years we achieve something that the public perceives as important."

"Everything in life takes a certain time to mature," he said. "We still believe it can be done."

The idea for a broad alliance between the world's fifth and 22nd-largest industrial and trading conglomerates was initially Daimler's. Daimler, the smaller of the two, wants access to Japanese electronics expertise and booming Asian markets. A taste of its overall strategy is to form joint ventures in fields where it lacks cutting-edge technology.

For Mitsubishi, the interest is mutual. But with limited know-how to acquire from Daimler, the stakes are lower for the Mitsubishi side, which includes Mitsubishi Electric Corp., Mitsubishi Heavy Industries Ltd., Mitsubishi Motors Corp. as well as Mitsubishi Corp. Their main goal is to realize savings through cooperative global sourcing and Daimler's help in accessing markets in Europe.

Efforts to construct a broader alliance have been derailed by a variety of changes. Daimler has been distracted by extensive internal restructuring. Mitsubishi has been frustrated by the yen's surge against Western currencies, which killed projects involving exports of components for assembly in Europe. Both have been affected by the global recession.

Overall, more potential areas of cooperation have failed than succeeded. Of 15 topics discussed in Berlin, for example, six resulted in agreements. The others were kept under wraps to prevent the appearance of an impasse. Ideas that previously had been shelved include the production of Mitsubishi light trucks in Eastern Germany, joint develop-

See ALLIES, Page 15

Germany Spots Sign of Upturn, Japan Doesn't

Bundesbank Tokyo's Trade Gap Shrinks

Compiled by Our Staff From Dispatches

FRANKFURT — The Bundesbank said Tuesday that the West German economy had reached a trough and might be starting to pull out of its worst recession since World War II.

In its monthly report on the economy, the German central bank also said there had been a sharp slowdown in inflation and in money-supply growth in the last few months.

The German economy has gone into a deep slump over the past two years, resulting in hundreds of thousands of job cuts by major employers. But the Bundesbank report, noting that the gross domestic product in Western Germany had risen for two consecutive quarters, said: "The trough has apparently been reached and may even have been passed through."

Still, even though manufacturing production had risen nearly 1 percent in the third quarter from the second quarter, the central bank cautioned that "it would probably be premature to conclude" that "recessionary tendencies have definitively been overcome."

The Bundesbank said the general level of economic activity was still low, capacity utilization in industry had continued to fall, and demand was not yet strong enough to produce a speedy recovery.

For example, while foreign orders for German products in the third quarter were up 2 percent from the previous three months, they were down 4 percent from a year earlier.

The Bundesbank said that inflationary pressures had slowed in recent months, as prices rose at a seasonally adjusted annualized rate of 2.5 percent between August and

Compiled by Our Staff From Dispatches

TOKYO — Japan's trade surplus narrowed last month for the first time in almost three years, the Finance Ministry said Tuesday, while other figures showed Japan's economy still deep in recession.

The surplus, on a customs-cleared and unadjusted basis, shrank to \$7.40 billion in November from \$7.56 billion a year earlier, its first year-on-year contraction since December 1990.

The move reflected reduced shipments to the European Community of cars, computers and audio equipment and increased imports from Asia, including semiconductors, audiovisual equipment, raw materials such as timber and fish.

Fumio Tomori, director of the Finance Ministry's customs and tariff bureau, said the growth in the surplus appeared to have peaked in July, when it was up 35.2 percent from the same month in 1992.

He said the downward trend was "mainly due to foreign exchange rates."

The news may ease some of the pressure on Japan to stimulate its economy or take other action to increase imports and bring down the trade surplus.

But the trade surplus with the United States, which has been leading the calls for Japan to open its market, widened 13 percent to November, to \$4.3 billion from \$3.8 billion.

Prime Minister Morihiro Hosokawa is due to meet President Bill Clinton to review progress in talks aimed at cutting

See JAPAN, Page 13

Paramount Half-Heartedly Drops Viacom

The Associated Press

NEW YORK — Paramount Communications Inc., the object of the fiercest takeover battle in years, formally abandoned its allegiance Tuesday to a merger with Viacom Inc. and threw open bidding for the company, saying prospective buyers must submit offers by next Monday.

But Paramount's board also made the unexpected decision to allow company executives who are on the board to remain active in determining which is the better offer. Legal experts had expected the board to establish an independent committee excluding the four directors who are also executives.

The Delaware Supreme Court last week criticized the board, led by Paramount's chairman, Martin S. Davis, for not fairly considering a competing, hostile offer from QVC Network Inc. It upheld a lower court ruling that Paramount could not block QVC's bid.

The board considered at the meeting the formation of an independent committee, and concluded it was inappropriate," a company spokesman said. "The entire board will continue to be involved in the process."

He refused to elaborate. Mr. Davis, who is trying to fend off Barry Diller, QVC's chairman and former Paramount Pictures head, reportedly

opposed the idea of an independent committee.

Mr. Diller left Paramount after a dispute with Mr. Davis that is an undercurrent in the takeover battle.

The spokesman also said the board decided not to hire a new investment bank or law firm to help evaluate the bids, as some legal experts had expected.

"It's clear you won't even get taken seriously if you again use the same people and the same process to reach the same conclusion," said John Coffee, a law professor at Columbia University.

If the board chooses Viacom's offer, QVC may appeal to the Delaware Chancery Court, he said.

Throughout the three-month takeover battle for Paramount, the entertainment and publishing conglomerate has argued that shareholders should reject QVC's cash-and-stock offer, valued at \$9.9 billion as of Monday, and accept Viacom's lower offer, now worth \$9.4 billion.

In a separate development, Paramount reported that it earned \$96.8 million in the quarter ended Oct. 31, down 5 percent from \$102.4 million a year earlier.

The decline in the quarter ended Oct. 31 came despite a 17 percent climb in revenue, which reached \$1.4 billion.

MEDIA MARKETS

Here Comes More Hard Sell

By Bruce Horowitz
Los Angeles Times Service

LOS ANGELES — Madison Avenue's top commercial creations have historically been catchy entertainment vehicles such as dancing raisins and drum-beating bunnies. But the talk of the ad world in 1994 likely will not be rhythmic raisins nor invincible rabbits.

Relinquished advertisers banking for product sales know that snappy images may bring smiles, but they do not always elicit sales. Brand-awareness campaigns can sometimes take years to show results. So in 1994, and perhaps for years to come, the focus of the ad industry will likely be much more straightforward: convincing consumers to buy on the spot.

The success of the infomercial industry, whose advertisers now sell several billion dollars worth of goods annually through the targeted use of high-pressure TV messages, has combined with the effects of a sluggish economy to prompt this shift.

Many ad agencies that built their reputations crafting clever commercial images — figures that roar and leeching that would not pour — may have to leave brand-building themes behind. Instead, agencies will increasingly create messages that prod consumers to act immediately.

In 1994, many 30-second, image-building spots will be replaced by "mini-infomercials" — 60- to 90-second TV spots that press consumers to send for information or to buy at that moment. More top consumer product makers will flash toll-free numbers on TV and print ads. And some of the biggest names in advertising, particularly carmakers, will test "interactive" technology that allows consumers to order with the push of a button.

"Next year, you'll see 800 numbers on ads for everything from pantyhose to cake mixes," said Steve Hayden, chairman of BBDO/Los Angeles. "The problem is, in a world of information over-

Stocks Fall

On Surge in Commodities

Compiled by Our Staff From Dispatches

NEW YORK — Stock and bond prices tumbled Tuesday amid strength in commodities prices.

The Commodity Research Bureau's spot index of 21 commodity prices was up 0.35 point, at 224.18, after rising as high as 224.80 in intraday trading. The prices are now at their strongest since November 1990, three years ago.

Prices of a number of agricultural futures contracts surged, including the soybean complex, wheat, corn, lumber and cattle, traders said. The rise is fueling fresh concern of inflationary pressure in the United States, which would make fixed-income securities, such as bonds, less attractive to investors.

The benchmark 30-year U.S. Treasury bond, after being up as much as 8/32 in early trading, point, fell was down 21/32, to 99 1/8. At that price its yield was 6.28 percent, up from 6.23 percent on Monday. The bond's record-low yield was 5.77 percent, set Oct. 15.

The Commodities index "is breaking out," said Terrence Crowe, head of bond arbitrage at Nikko Securities Co. International. The index was as low as 218 just two weeks ago, and this summer had sunk to about 205.

Investors shrugged off the Commerce Department's report that re-

See MARKET, Page 12

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CURRENCY & INTEREST RATES

Cross Rates					Eurocurrency Deposits					Key Money Rates					
Country	Rate	Unit	Rate	Unit	Term	Rate	Term	Rate	Term	Rate	Term	Rate	Term	Rate	Term
American	1.00	D.M.	1.36	Swiss	1.48	1-month	6 1/4%	3-month	6 1/4%	1-year	6 1/2%	3-month	6 1/4%	1-year	6 1/2%
British	1.78	£	1.25	Japanese	160	6-month	6 1/4%	9-month	6 1/4%	1-year	6 1/2%	1-month	6 1/4%	3-month	6 1/4%
French	6.55	F	1.66	Italian	1.36	1-year	6 1/4%	1-year	6 1/2%	1-year	6 1/2%	1-month	6 1/4%	3-month	6 1/4%
German	1.36	D.M.	1.36	Spanish	166	1-year	6 1/4%	1-year	6 1/2%	1-year	6 1/2%	1-month	6 1/4%	3-month	6 1/4%
Japanese	160	¥	1.36	Swedish	103	1-year	6 1/4%	1-year	6 1/2%	1-year	6 1/2%	1-month	6 1/4%	3-month	6 1/4%
Swiss	1.48	S	1.36	UK	1.78	1-year	6 1/4%	1-year	6 1/2%	1-year	6 1/2%	1-month	6 1/4%	3-month	6 1/4%
US Dollar	1.00	\$	1.36	US Dollar	1.00	1-year	6 1/4%	1-year	6 1/2%	1-year	6 1/2%	1-month	6 1/4%	3-month	6 1/4%

Changes in Amsterdam, London, New York and Zurich. Rates in other centers. Toronto rates of 100.00.

Source: Reuters, London. Rates in other centers. Toronto rates of 100.00.

MARKET DIARY

Fears About Russia Undermine Mark

Bloomberg Business News NEW YORK — The dollar rallied against most major currencies Tuesday amid concern about a Russian politician's threat to unleash nuclear weapons against the West.

MARKET: Commodities Rise

Continued from Page 11 tail sales in November rose 0.4 percent. Excluding automobiles, retail sales rose 0.5 percent.

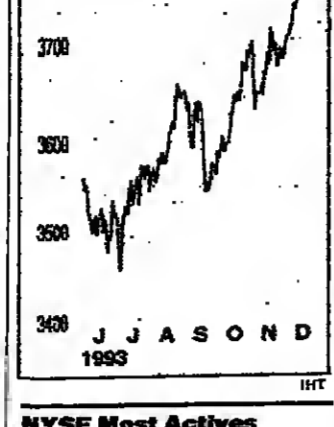
U.S. Stocks

Another negative for the stock market, analysts said, was lower stock prices abroad. European share prices fell on concern over political instability in Russia.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Helsinki, Hong Kong, Brussels, Frankfurt, London, Milan, Zurich, Stockholm, and Montreal.

The Dow



NYSE Most Actives

Table listing NYSE most active stocks with columns for Volume, High, Low, Last, and Change.

AMEX Most Actives

Table listing AMEX most active stocks with columns for Volume, High, Low, Last, and Change.

NYSE Diary

Table listing NYSE diary items with columns for Date, Description, and Price.

Amex Diary

Table listing Amex diary items with columns for Date, Description, and Price.

NASDAQ Diary

Table listing NASDAQ diary items with columns for Date, Description, and Price.

Dow Jones Averages

Table showing Dow Jones Averages: Industrials, Transportation, Utilities, Finance, and S&P 100.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes: Industrials, Transportation, Utilities, Finance, and S&P 100.

NYSE Indexes

Table showing NYSE Indexes: Composite, Industrials, Transportation, Utilities, Finance, and S&P 100.

NASDAQ Indexes

Table showing NASDAQ Indexes: Composite, Industrials, Transportation, Utilities, Finance, and S&P 100.

AMEX Stock Index

Table showing AMEX Stock Index: High, Low, Last, and Change.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages: 30 Bonds, 10 Treasury, and Industrials.

Market Sales

Table showing Market Sales: NYSE, AMEX, and NASDAQ.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. Odd-Lot Trading: Buy and Sell.

S&P 100 Index Options

Table showing S&P 100 Index Options: Call and Put.

EUROPEAN FUTURES

Table showing European Futures: Food, Metals, and Stock.

Food

Table showing Food futures: Cocoa, Coffee, and Sugar.

Metals

Table showing Metals futures: Aluminum, Copper, and Lead.

Stock

Table showing Stock futures: DAX, Nikkei, and Hang Seng.

U.S. FUTURES

Table showing U.S. Futures: Grains, Metals, and Livestock.

Grains

Table showing Grains futures: Wheat, Corn, and Soybeans.

Metals

Table showing Metals futures: Gold, Silver, and Platinum.

Livestock

Table showing Livestock futures: Cattle and Hogs.

U.S./AT THE CLOSE

U.S. Trade Gap Widest in 5 Years

WASHINGTON (AP) — The broadest measure of the U.S. foreign trade deficit widened by 3 percent in the July-September quarter to the highest level in nearly five years, the government said Tuesday.

U.S. Chip Makers Outpacing Japan

TOKYO (AP) — In a remarkable turnaround for a once-troubled industry, U.S. semiconductor makers retook the lead in computer-chip production this year, surpassing Japan for the first time in eight years, a research company said Tuesday.

Mozer Gets Four-Month Sentence

NEW YORK (Bloomberg) — Paul Mozer, the former Salomon Brothers Inc. trader, was sentenced to four months in prison Tuesday for his role in the Treasury securities scandal that toppled high-ranking Salomon officers and brought a \$290 million fine against the firm.

Bell Atlantic to Sell Finance Division

WASHINGTON (Bloomberg) — Bell Atlantic Corp. plans to raise as much as \$351 million by selling its commercial finance and equipment leasing business to the public.

For the Record

AEA Investors Inc., a New York-based investment firm, will spend \$65 million for nearly half of Koster Cruise Ltd., the most financially insecure of the big cruise lines.

Saber-Rattling Unnerves Markets

LONDON — European stocks tumbled Tuesday after threats made by the leader of Russia's far-right party to unleash nuclear weapons against the West were repeated by news agencies.

U.S. FUTURES

Table showing U.S. Futures: Grains, Metals, and Livestock.

U.S. FUTURES

Table showing U.S. Futures: Grains, Metals, and Livestock.

Trafalgar Seeks £425 Million As Loss Widens

LONDON — Trafalgar House PLC announced Tuesday a surge in its loss and plans for a £425 million (\$635 million) cash call to fill a hole caused by over-ambitious expansion and imprudent accounting.

Trafalgar said it hoped the call, its third in just over two years, would also be the last. But with no major pick-up expected before 1995, it left the market groping in the dark about future prospects.

The rights issue, which was expected in the market, is being supported by 25.3 percent shareholder Hongkong Land Holdings Ltd., part of the Jardine Matheson group.

The company said its pretax loss in the year ended Sept. 30 increased to £247.2 million from just £11.2 million a year earlier. "The loss in the latest year came after write-downs of £330.7 million against property, hotels, oil rigs and shipping."

Trafalgar owns a clutch of prestigious names, including London's Ritz hotel, Cadamr shipping — owner of the luxury liner Queen Elizabeth II — and the John Brown metal working concern.

With restructuring and other costs, one-time charges reached a massive £467.7 million, dwarfing even the most pessimistic forecasts.

"The situation: Trafalgar House was in, it clearly needed to raise a substantial amount from the market," Chief Executive Allan Gornley told analysts and journalists.

Deutsche Bank's Horizon More Investments Abroad Are Sought

FRANKFURT — Deutsche Bank AG, with its expansion abroad beginning to pay off, is considering further acquisitions or major investments in France and elsewhere in Europe, a managing board member said.

After a series of acquisitions in recent years, Rolf Breuer said in an interview, "the payback period is starting now."

Mr. Breuer, responsible for Deutsche Bank's business in France and in the Middle East, said the bank was looking into expanding its French business in the areas of asset management, investment banking, corporate finance and mergers and acquisitions.

"We would like to Europeanize our industrial holdings. We have focused on German holdings, and we would like to diversify."

Rolf Breuer, Deutsche Bank managing board

European companies being privatized would be a way to meet the bank's goal of diversifying its portfolio outside Germany.

"We would like to Europeanize our industrial holdings," he said. "We feel we have very much focused on German holdings, and we would very much like to diversify away from that. We would use opportunities such as French, Italian or maybe even Spanish privatizations to do that."

Until now, the reason for not doing so actively has been Germany's high tax on capital gains, Mr. Breuer said.

"But we believe there should be a non-French co-lead manager," he added.

He said Deutsche Bank had not kept stakes in the French companies it had helped privatize because Paris preferred to "keep the key stake in the hands of a group of core shareholders."

But he said taking stakes in "The difference between the book and market value, when realized, is subject in Germany to more than 60 percent capital gains tax," he said.

He said the bank would like to invest in companies involved in telecommunications, modern transportation and "everything connected" with genetic technology and biotechnology.

Mr. Breuer said the bank did not plan to expand in France as it had in Spain or Italy, by acquiring existing retail banking networks. Instead, he said, it expected to act as it did in Britain, where it acquired a major investment bank Morgan Grenfell Group PLC in 1989.

At present, Deutsche Bank has a loan-production office in Strasbourg and a bank branch in Paris.

"We do not think that getting into French retail banking activities is a promising suggestion," Mr. Breuer said.

He said that because major French banks already provide "very sophisticated banking services all over the country," Deutsche Bank "could not offer much of an added value" if it were to buy into an existing branch network or try to establish one itself.

But, when asked about reports of Deutsche Bank linking up with Credit Industriel d'Alsace et de Lorraine, based in Strasbourg, Mr. Breuer said that was "a different case," as CIAL was a regional bank, with a "very definite emphasis" on Alsace and Lorraine.

Sabena Foresees 1993 Loss

BRUSSELS — The Belgian flag carrier Sabena, hurt by deregulation and currency devaluations, will lose money in 1993, the airline's chairman, Pierre Godfroid, said Tuesday.

But he said the carrier was not performing badly when compared with other airlines and said its European business was performing above expectations.

"Our 1993 result will not be good, but we are doing less badly relative to other companies and our market share is up in Europe," Mr. Godfroid said.

Asked if this meant that Sabena would be unprofitable this year, Mr. Godfroid said, "Yes, but you have to see whether you are in better or worse shape than your competitors."

Sabena, 37.5 percent-owned by Air France, earned 6 million Belgian francs (\$168,000) in 1992.

Mr. Godfroid also suggested a temporary freeze by the European Community on capacity and fares.

EC airlines had losses totaling \$700 million last year.

Austrian Air in Talks

Austrian Airlines said it is talking with Lufthansa and its Austrian affiliate, Lauda Airlines, about future cooperation, Bloomberg Business News reported from Vienna.

It also is holding discussions with Swissair about expanding their relationship but now include sharing reservations systems and pilot training.

A spokesman said no agreements had been reached.

Exchange	Index	Tuesday Close	Monday Close	% Change
Frankfurt DAX	1900	189.30	189.60	-0.43
London FTSE 100 Index	2000	2,447.50	2,453.40	+0.16
Paris CAC 40	2000	2,172.75	2,172.75	-1.05
Amsterdam CBS Trend	1500	825.48	831.89	-0.77
Brussels Stock Index	1800	1,519.13	1,538.37	+1.25
Frankfurt FAZ	1900	7,392.10	7,320.21	+0.16
Helsinki HEX	1500	2,149.97	2,172.75	-1.05
London Financial Times 30	2000	3,248.40	3,254.60	-0.19
London FTSE 100	2000	305.22	308.45	-1.05
Madrid General Index	1500	1,301.00	1,294.00	+0.54
Milan MIB	1500	2,155.50	2,195.31	-1.81
Paris CAC 40	2000	1,567.83	1,563.83	+0.28
Stockholm Affarsvaerlden	1500	N.A.	471.79	N.A.
Vietina Stock Index	1500	977.39	979.40	-0.16
Zurich SBS	1500			

Sources: Reuters, AFP
International Herald Tribune

- Very briefly:**
- Daimler-Benz AG's chairman, Edzard Reuter, said he hoped Mercedes-Benz AG would have an operating profit in the fourth quarter after an operating loss so far this year, but he also said that Mercedes, AEG AG and Deutsche Aerospace AG would post full-year operating losses.
 - The EC Commission conditionally approved the joint venture between Germany's Kali & Salz AG, a unit of BASF AG, and Mitteldeutsche Kali, which the Treuhänder is in the process of privatizing.
 - Airbus Industrie said Air Canada had agreed to buy six A340-300 airliners and take options for three more.
 - Arjel Bank, part of the Lagardère Group, named Bernard Attali, former chairman of Air France, as chairman of the bank's supervisory board.
 - Trygg-Hansa SPP Holding, the Swedish insurer, cut the price range on its initial public offering in its U.S. unit Home Holding Inc. to \$17-\$19 a share from \$25-\$27, and halved the offering's size, to 7.5 million shares.
 - Bandai France, an affiliate of the Japanese toy company, was fined 30 million francs (\$5.14 million) for abusing its dominant position in the French video-game market. AFP, Reuters, AFX, Bloomberg, AP, Knight-Ridder

GERMANY: Sign of Upturn

Continued from Page 11

November, compared with more than 4 percent at midyear.

The Bundesbank said the M-3 measure of money supply, meanwhile, had risen at a seasonally adjusted annualized rate of 3.5 percent over the last three months, compared with 8 percent between May and July.

The report also said Eastern Germany's economy continued to show improvement and that products from the East were becoming more competitive on the German market.

There has been speculation that the Bundesbank might be poised for another cut in its official interest rates by the end of this year, but

JAPAN: Trade Deficit Shrinks

Continued from Page 11

The central bank warned against speculation in that direction.

The central bank last lowered its discount rate to 5.75 percent and Lombard rate to 6.75 percent on Oct. 21. The discount rate is the bank's lowest rate on loans to commercial banks, and the Lombard is the rate commercial banks pay for emergency short-term loans.

(Reuters, AP)

Bank Schedules a Briefing

The Bundesbank will hold a news conference after its regular policy council meeting Thursday to announce its 1994 target for M-3 money supply growth, news agencies reported.

(Knight-Ridder, AFX)

Spanish Business Leaders Seek Further Labor Talks

MADRID — Spanish business leaders said Tuesday that they will invite labor unions to negotiate a wage pact despite the failure of four months of government-mediated talks on labor reform.

"We will send the unions a written proposal for talks today or tomorrow," José María Cuevas, chairman of the Spanish Confederation of Employers' Organizations, said.

Mr. Cuevas said he was doubtful whether the unions would agree to the new talks but added, "We will talk whenever they say so."

Separately, the General Union of Workers, or UGT, and the Confederation of Workers' Commissions, or CCOO — the two largest trade unions in Spain — are planning a general strike on Jan. 26 or 27, AFP-Extel reported from Madrid, quoting a union source. The final date is to be released Friday.

Mr. Cuevas said, "The main concern for businesses in next year's collective bargaining must be how to maintain jobs."

Spain has the highest unemployment rate in the 12-nation European Community. It is variously estimated at 19 to 23 percent.

Dutch Banker to Head BIS

Basel — Wim Duisenberg, governor of the Dutch central bank, was named president of the Bank for International Settlements.

Mr. Duisenberg, 58, who succeeds Swedish central bank governor Bengt Dennis, has held the position before, from Jan. 1988 to Dec. 1990. This three-year term starts Jan. 1.

The dual post of president and chairman of the board is a non-executive position. The new chief executive of the BIS, who replaces Alexander Lamfalussy, is Andrew Crockett, currently the executive director of the Bank of England.

The BIS, which acts as the central bank for the world's central banks, discusses international monetary policy and assists about 80 central banks in managing their reserves in the international markets.

Mr. Duisenberg will retain his position as governor of the Dutch central bank.

NASDAQ

Tuesday's Prices
NASDAQ prices as of 4 P.M. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest Chg
100	100	A						
120	120	B						
140	140	C						
160	160	D						
180	180	E						
200	200	F						
220	220	G						
240	240	H						
260	260	I						
280	280	J						
300	300	K						
320	320	L						
340	340	M						
360	360	N						
380	380	O						
400	400	P						
420	420	Q						
440	440	R						
460	460	S						
480	480	T						
500	500	U						
520	520	V						
540	540	W						
560	560	X						
580	580	Y						
600	600	Z						

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest Chg
100	100	A						
120	120	B						
140	140	C						
160	160	D						
180	180	E						
200	200	F						
220	220	G						
240	240	H						
260	260	I						
280	280	J						
300	300	K						
320	320	L						
340	340	M						
360	360	N						
380	380	O						
400	400	P						
420	420	Q						
440	440	R						
460	460	S						
480	480	T						
500	500	U						
520	520	V						
540	540	W						
560	560	X						
580	580	Y						
600	600	Z						

NYSE

Tables include the composite price up to the closing on Wall Street and do not reflect late trading elsewhere. Via The Associated Press

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Lowest	Open
120.00	115.00	IBM Corp	3.00	2.7%	12.5	120	115.00	110.00	115.00	115.00
120.00	115.00	Microsoft	0.00	0.0%	15.0	120	115.00	110.00	115.00	115.00
120.00	115.00	Apple	0.00	0.0%	18.0	120	115.00	110.00	115.00	115.00

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Lowest	Open
120.00	115.00	Oracle	0.00	0.0%	20.0	120	115.00	110.00	115.00	115.00
120.00	115.00	Sun Microsystems	0.00	0.0%	22.0	120	115.00	110.00	115.00	115.00
120.00	115.00	Lucent Technologies	0.00	0.0%	25.0	120	115.00	110.00	115.00	115.00

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Lowest	Open
120.00	115.00	Motorola	0.00	0.0%	28.0	120	115.00	110.00	115.00	115.00
120.00	115.00	3M	0.00	0.0%	30.0	120	115.00	110.00	115.00	115.00
120.00	115.00	Amgen	0.00	0.0%	32.0	120	115.00	110.00	115.00	115.00

French Health System Deep in the Red

Paris — Record unemployment and economic woes have plunged France's national health insurance system into a 57 billion franc (\$9.7 billion) hole this year, an accounting commission reported Tuesday.

It also said that the system would run a deficit of 43 billion francs next year.

"Our Social Security system, an indispensable tool for national solidarity, is going through the most serious financial crisis of its history at a time when it is most necessary," the chairman of the commission, Jean Marmont, wrote. "Since it was created, the system has never been faced with such poor economic conditions."

Mr. Marmont said the deficit was bigger than forecasters had predicted because of an abnormally small increase in the working population, 0.3 percent this year instead of the expected 1.7 percent.

He said operating expenses had jumped by 6.4 percent, while contributions increased only by 2.3 percent.

Social Affairs Minister Simone Veil said Tuesday that "the government will take the decisions needed in 1994" to deal with what she called the social security system's "considerable and unprecedented deficits."

France's health insurance program, which guarantees inexpensive medical care to most of its 56 million citizens, has long been a source of national pride. The system is funded by workers, who contribute 13.4 percent of their gross salary, and by management, which kicks in an additional 32.5 percent of each salaried employee's gross income. (AP, AFP)

Raid
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about

INTERNATIONAL FUNDS

Questions supplied by funds listed. Not all asset questions are supplied by the funds listed with the exception of some quotes based on issue prices. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (bi) - bi-monthly; (f) - fortnightly (every two weeks); (r) - regularly; (i) - twice weekly; (m) - monthly.

Fund Name	Asset Class	Yield	PE	52	High	Low	Lowest	Open
ABC INVESTMENT & SERVICES CO (ECU)	Equity	4.5%	15.0	120	115.00	110.00	115.00	115.00
ABC INVESTMENT & SERVICES CO (USD)	Equity	4.5%	15.0	120	115.00	110.00	115.00	115.00
ABC INVESTMENT & SERVICES CO (GBP)	Equity	4.5%	15.0	120	115.00	110.00	115.00	115.00

MEX

AS - Australian Dollars; AU - Australian Dollars; BF - Belgian Franc; CA - Canadian Dollar; DE - Deutsche Mark; ECU - European Currency Unit; FF - French Franc; FL - Dutch Guilder; L - Italian Lira; LU - Luxembourg Franc; P - Punt; S - Singapore Dollar; S\$ - Singapore Dollar; T - Taiwan Dollar; Y - Yen; Z - Zimbabwe Dollar; N.A. - Amsterdam exchange; * - Involved in a merger; ** - Not registered with regulatory authority; # - Middle of bid and offered price.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

THE NEW STATES

INVESTOR'S UPDATE

Berlin
Population: 3.4 million (East Berlin: 1.287 million)
Total area: 883 square kilometers (340.8 square miles); East Berlin: 155.6 square kilometers.

The union of Berlin and Brandenburg has now been set for 1999. Many preliminary measures (concerning joint business promotion, among others) have already taken effect. Berlin is increasingly serving as a central provider of financial, educational, retailing, and communication and information services for the eastern part of the country and for Central Europe, causing a corresponding growth in the city's business sectors. Some of Europe's major real-estate developments are being carried out in Eastern Berlin, which has also attracted a wide range of consumer and industrial electronics companies. A sign of Berlin's growing popularity: Passenger traffic at its three airports was up 13 percent in 1992. A sign of this city's overwhelming intellectual and artistic vitality: a recent survey found 563 theater troupes either in performance or in rehearsal. For additional information, contact: Wirtschaftsförderung Berlin GmbH Hallersstr. 3-6 D-10587 Berlin Tel.: (49-30) 399-800 Fax: (49-30) 3998 02 39

Brandenburg
Population: 2.52 million
Area: 29,095 square kilometers
Capital: Potsdam (pop. 138,000)
Other major cities: Cottbus (123,000) Brandenburg (88,000)

Growth continues to be strong in the "Berliner Ring," the area encircling Berlin, with a number of large-scale business and transport parks already open or set to open in 1994. Commercial vehicles, jet turbines and electronic components are now being manufactured extensively in the region. Increasingly, such small cities as Schwedt, Cottbus, Eisenhüttenstadt and Brandenburg are also proving attractive sites for industrial investment. In this, they have been aided by the founding of a wide range of technology-transfer and investment-promotion institutions. Major sectors: paper manufacturing, power generation, chemicals and steel processing. Frankfurt/Oder and the state's other towns along the Polish border are profiting from transit traffic. Brandenburg's lake and riverine delta districts are now highly popular with summer and weekend residents and with the country's tourists, as is Potsdam. For additional information, contact: Wirtschaftsförderung Brandenburg GmbH Am Lehnitzsee D-14476 Neu-Fahrland Tel.: (49-331) 96 75 0 Fax: (49-331) 96 75 100

Mecklenburg-Western Pomerania
Population: 1.88 million
Area: 23,838 square kilometers
Capital: Schwerin (pop. 129,000)
Other major cities: Rostock (252,000) Stralsund (91,000)

Major investment projects by both German and non-German companies are transforming shipyards in Rostock-Warnemünde, Wismar and Stralsund into centers of special-purpose and leisure-craft shipbuilding, marine-components manufacturing and marine services. Rostock, long Eastern Germany's principal port, currently handles 10 million tons of goods a year, a figure expected to double over the next three years. The port is now also home to a flourishing transport-services business community. The ongoing growth of tourism on the state's 380 kilometers of Baltic coast and six major islands has extended into the state's lake district. Major resorts and spas now dot the landscape. Investment from Scandinavia has fueled the revival of the state's food-processing and light-manufacturing industries, which are centered around Schwerin, Neubrandenburg and Neubrandenburg. For additional information, contact: Wirtschaftsförderungsgesellschaft mbH des Landes Mecklenburg-Vorpommern Schlossgartenallee 15 D-19061 Schwerin Tel.: (49-385) 581 39 12 Fax: (49-385) 581 39 11

Saxony
Population: 4.66 million
Area: 18,337 square kilometers
Capital: Dresden (480,000)
Other major cities: Leipzig (500,000) Chemnitz (286,000)

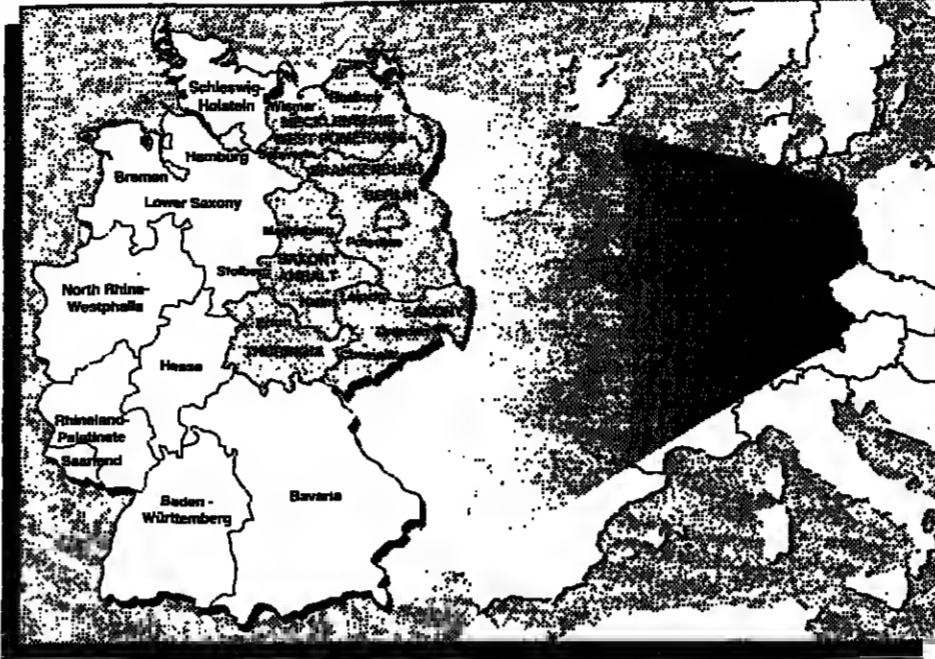
Saxony's small communities have had a remarkable degree of success in attracting mixed industries and technical-service companies to their newly founded business parks. Dresden now serves as a center for the region's microelectronics and bioelectronics sectors, and for its visual arts and media communities. Leipzig's trade-fair authority has re-established the city's position as one of Germany's leading venues for trade fairs; the city also has a wide range of publishing houses and logistics companies. Chemnitz has added environmental engineering to its traditional array of industries, which include chemicals and electronics. Zwickau (Mosel) is a leading site for automobile manufacturing. Görlitz for rolling stock and mass-transit vehicles. Saxony's traditional industries (porcelain, glass, musical-instrument manufacturing and toys) have consolidated their positions in their respective markets. Dresden and the "Saxon Switzerland" remain prime tourist attractions. For additional information, contact: Wirtschaftsförderungsgesellschaft des Landes Sachsen Albertstr. 34 D-01075 Dresden Tel.: (49-351) 5022981 Fax: (49-351) 5023030

Saxony-Anhalt
Population: 2.31 million
Area: 20,455 square kilometers
Capital: Magdeburg (288,000)
Other major cities: Halle (309,000) Dessau (101,000)

Both technology and tourism continued their transformation of the state in 1993. ChemiePark, located in the Bitterfeld-Wolfen area, has already attracted around 2 billion Deutsche marks in investments. Along with Halle and Leuna, this area is now home to some of Europe's largest and most modern chemical-production and petroleum-refining facilities. The Magdeburg and Halle areas are main centers of plant-engineering and energy-supply equipment. Halle is also a center of electromechanics and, along with Dessau, of industrial design and architecture. Many of the state's smaller towns are profiting from supplying the materials for the region's building boom. The Harz mountains and such picturesque villages as Quedlinburg are major tourism centers, as are such "national treasures" as the gardens in Wörlitz. For additional information, contact: Wirtschaftsförderungsgesellschaft für das Land Sachsen-Anhalt GmbH Wilhelm-Höpfner-Ring 4 D-39116 Magdeburg Tel.: (49-391) 567 43 65 Fax: (49-391) 615135

Thuringia
Area: 16,251 square kilometers
Population: 2.55 million
Capital: Erfurt (pop. 257,000)
Other major cities: Gera (130,000) Jena (103,000)

The state's characteristic mix of small high-tech companies is centered around Jena (optics, electronics and precision instruments), Gotha (special vehicles), Sömmerda (PCs) and Erfurt (technical services). Eisenach has, during the past few years, become an internationally recognized center of automotive engineering (Opel, Bosch, BMW and Porsche); Sonneberg, Ilmenau and Hermisdorf of such modernized traditional industries as toys, porcelain, furniture, textiles and glass products. The state's "culture belt" (which stretches from Erfurt via Weimar to Jena) is now increasingly attracting educational, research and technology-transfer institutes in addition to growing numbers of tourists. The Thüringer Wald forest has become a prime year-round vacation area, with a number of sports facilities and spas. For additional information, contact: Thüringer Landes-Wirtschaftsförderungsgesellschaft mbH Tschakowski Str. 11 D-99096 Erfurt Tel.: (49-361) 42 92-0 Fax: (49-361) 4292202



NEW STATES CLEARLY ON COURSE TOWARD PROSPERITY

There have been a lot of earnings and gains in Germany's new states over the past few years. One key arrival has shown outstanding progress: economic growth.

Overall economic growth arrived to stay in Germany's new states 10 quarters ago. The first sectors to show growth were construction and skilled trade, with retailing and other services soon following suit. Next, the manufacturing sector managed the turnaround.

And growth is still coming on strong. The region's economy grew at a 6.5 percent rate in 1993; 1994's figure is set to be 7.5 percent.

Total turnover in the manufacturing sector is currently up 14.6 percent. Total new orders received by this sector in 1993 are 22.9 percent higher than the previous year's figure, making 1994 look even better.

The state-controlled public-sector economy is long gone. Some 440,000 commercially viable private-sector companies, including 20,000 in manufacturing and industrial services, have taken its place.

The Treuhandanstalt has found private-sector solutions for 13,200 of these companies over the last three incredibly busy years.

Only 1,000 companies really begins to pay off. They've paid some very hard dues, working overtime to come up with new "market-opening" products and to find teams of capable managers and distribution agents. They've committed large amounts of capital to major investment programs.

As the figures for industrial sales in and from Germany's new states show, all this hard work has been producing results. Total sales in this sector are running about 15 percent above the previous year's, although those were very low. I expect increases in

turnover to be matched by those in profitability in 1994. In any case, I don't feel that the term "boom" is appropriate. A number of businesses in the region did register double-digit growth in 1991 and 1992. For the last two years, it's been the construction industry's turn to grow quickly. People look at these glamorous figures and declare these developments to be booms. I see the months and months of painstaking preparation and fine-tuning that has

with 120,000 employees are still left under the agency's control; of those, only 320 companies are without prospective purchasers.

The Treuhand is completing its task, with its main operative phase set to come to a successful end in 1994. It will, however, retain a variety of responsibilities and assignments.

These include administering some 275 billion Deutsche marks (\$160.8 billion) in debts, monitoring investor compliance to the 50,000 contracts concluded with the Treuhand, along with another 50,000 involving agreements between the agency and public- and private-sector parties, as well as managing the Treuhand's remaining corporate charges and a range of other holdings.

The Liegenschaftsgesellschaft der Treuhandanstalt mbH (TLG) is going to stay around in its present form for a good while. The Treuhand's real-estate marketing subsidiary still has 70,000 properties on its books. Sales of 4 billion Deutsche marks are forecast for 1994.

Other newcomers to the region include increasing numbers of modern buildings, clean-running power plants, functioning telephone booths and flocks of Chinese restaurants and pizzerias.

All told, the top-to-bottom renewal of the region's housing and rolling stock is well over one-third completed. Other leave-takers include a great deal of the pollution formerly contam-

inating the land, air and water of the region.

The time of arrival of one final item is the matter of much speculation. The reconstruction of Germany's new states will be concluded when these states are at the "break-even point," when their output of goods and services generates enough tax revenues to cover the costs of non-extraordinary capital expenditures and of standard public-sector operations.

This equilibrium will be accorded a heartfelt welcome from the new states, as its onset will represent an end to their financial dependency on their counterparts in the West, who will be equally glad to dispense with large annual net transfers, which amounted to 138 billion Deutsche marks in 1993.

This equilibrium may not be imminent, but it is now appearing on the horizon. According to Germany's federal office of statistics, the region's real net output rose 49 percent in 1992 and 13 percent in 1993.

At that rate, according to Erich Gluch, expert on the new states' economy and staff member of Munich's ifo Institut für Wirtschaftsforschung, "It should take at least another seven to eight years for the region to reach the break-even point. Current forecasts are for it to occur between 2002 and 2005."

As Mr. Gluch points out, however, the human factor should not be underestimated. "One thing we economists have seen over and over again is how quickly a

The euphoria inspired by the opening of the Berlin Wall in 1989 was followed by years of hard work. Now Germany's new states are beginning to reap the benefits of their long struggle to prepare for a free-market economy.



growing psychological impetus can make our forecasts obsolete. And the people in Germany's new states are inventive and highly motivated," he says.

As ifo points out in a recent study, the region's rising output is generated by a growing number of prospering companies. The

now amounts to 42 percent. As ifo further details, fully 83 percent of all industrial companies in the region have made significant progress toward solving their two key problems: how to set up productive, profitable internal structures, and how to sell their products successfully.

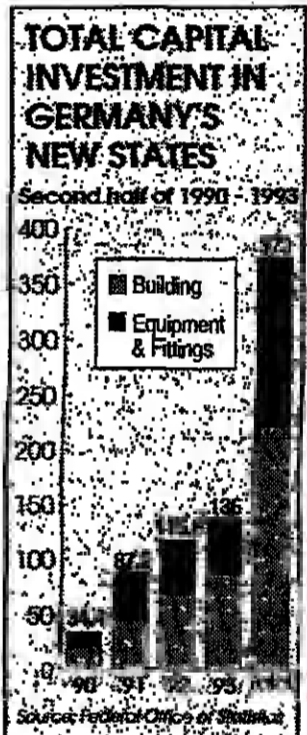
Symbol and guarantor of this newfound stability is a corresponding rise in productivity. As of the end of 1993, per capita output in Germany's new states amounted to 42,300 Deutsche marks — up 9.5 percent for the year and up 69 percent since 1991 — but still only 43 percent of Western Germany's world-best averages.

The 1993 figure does, however, put the new states well above those recorded by over half the EC's other member countries.

When output from recently built automobile or paper factories is used as a benchmark, the region's industrial sector's productivity is equal to or even higher than that of its Western counterpart.

Doubts about the states' future seem to have vanished. "I think everyone asked themselves at some point: 'Is it possible, will it take place?'" says Bernard Veltrup, senior official in the federal ministry of economics' central coordinating board for Germany's new states.

Mr. Veltrup adds, "Three years later, at a large cost of money, time and especially of patience, we have now laid that question to rest."



HARD WORK PAYING OFF, SAYS ECONOMICS MINISTER

Günter Rexrodt is 52 years old and has been Germany's minister of economics since January 1993. After studying business administration and earning a doctorate, Mr. Rexrodt began his career at Berlin's Chamber of Commerce and Industry in 1968. From 1985 to 1989, he served as the city-state's minister of finance. After holding senior positions at an international bank, Mr. Rexrodt was a member of the Treuhandanstalt's board of managing directors. In this interview, he discusses the outlook for Germany's new states.

First came the founding boom, in which hundreds of thousands of companies were founded in Germany's new states. We're now witnessing a construction boom in the region. What major developments do you see in the offing for 1994?

Not a boom, but a tide of black ink in the industrial sector, assuming a good measure of support from the international economy. Many of the industrial companies founded or privatized during the first two years have been operating on a near-break-even or a break-even basis in 1993. A good number, of course, have been turning in solidly profitable performances. I think 1994's going to be the year these companies' hard work and struggling

really begins to pay off. They've paid some very hard dues, working overtime to come up with new "market-opening" products and to find teams of capable managers and distribution agents. They've committed large amounts of capital to major investment programs.

As the figures for industrial sales in and from Germany's new states show, all this hard work has been producing results. Total sales in this sector are running about 15 percent above the previous year's, although those were very low. I expect increases in

turnover to be matched by those in profitability in 1994.

In any case, I don't feel that the term "boom" is appropriate. A number of businesses in the region did register double-digit growth in 1991 and 1992. For the last two years, it's been the construction industry's turn to grow quickly. People look at these glamorous figures and declare these developments to be booms. I see the months and months of painstaking preparation and fine-tuning that has



Günter Rexrodt, federal minister of economics.

gone into all of this. There's been nothing sudden about the growth in the East. And it certainly hasn't come either cheap or easy.

Will this industrial growth have a spill-over effect on employment?

Not directly. One reason the region's industrial companies are recording gains in earnings, productivity and output is that they've pared their work forces to the bone. For the last two years, on a one-to-one basis, people losing their jobs in the industrial sector have found work in the skilled trades and services sectors. That's why unemployment, although too high at 15 percent for the region, has at least not been getting substantially worse. The skilled-trades sector alone has created some

400,000 jobs over the last three years. Business transacted by this sector has increased over the last three years. An increasing portion of this business is being generated by these ultra-lean, locally based industrial companies, which are outsourcing everything from routine facility maintenance work to computer systems operation.

That's where I see a new wave of job creation. Not in industry itself, but in industrial and other technical services.

Referring to the wide variety of sales promotion measures undertaken by the public and private sectors in Germany's new states during the year, a local business journal recently labeled 1993 "the year of the market makers." Do you find that an apt description?

For the year, yes, and for the market itself, no. In 1993, Germany's largest companies set themselves ambitious goals for purchases of goods and services from the new states — and met them, by and large. The region's municipal and state agencies also dramatically improved their local purchase totals and percentages. The federal government and its various authorities have always been active promoters of exports from the new states, and a number of financing models were launched in this

regard in 1993. This all was "marketing assistance," however, not market making.

The market didn't have to be "made" because it's always been there: 16 million consumers with considerable purchasing power. A large number of local consumer goods producers and retailers are doing well serving this market.

Capital expenditure has also been making this market into one of the largest in the world for investment goods and other tangible fixed assets. This market has been the venue for 373 billion Deutsche marks in purchases of these items.

For a large number of international companies, this market is therefore already made: it has come to be an indispensable profit center.

A recovery in Germany and in Western Europe is predicted for some time in 1994. How will Germany's new states profit from the past-recession era in Germany and in Europe?

Whether the economic expansion sets in at the beginning or the middle of 1994, one thing is already clear. The era of unstable, quick-moving markets — and the companies able to serve them — is here to stay. That's fine with companies in Germany's new states. Few regions in Europe have so many small, highly aggressive niche players.

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The Vote
Too. Have
Bottom!

KEY INDUSTRIES REPORTING SHARP RISE IN PRODUCTION

Industrial production in Germany's new states has grown by 14.6 percent in 1993.

The growth leader is the building products sector, currently expanding at a 65 percent annual rate.

Building products shows 65% rise

Several key industries are contributing to this growth — and serving as role models for the economy as a whole.

In 1992, the printing industry in Germany's new states showed a 20 percent rate of growth, generating 1.94 billion Deutsche marks (\$1.13 billion) in sales. This year's growth has moderated to 7.8 percent. The industry's paper comes from the region and its new, environmentally friendly products; its products are locally read newspapers and books and locally printed airplane tickets and computer paper.

Each day, some 5.14 million copies are printed of 36 daily newspapers in Berlin, Leipzig, Dresden, Magdeburg and a dozen other cities in Germany's new states. These are then read, pondered, and discarded, joining shoe boxes, cardboard boxes, notebooks and greeting cards in recycling bins.

Bundled into trucks and railroad cars, a good portion of this refuse is now being conveyed to Schwedt, Brandenburg, a town on the Polish border in northeastern Germany. There they form a small part of the 300,000 tons of recycled paper expected to be produced every year at Haindl GmbH's 700-million-Deutsche-mark plant, which was commissioned in July. No matter where they start their lives, sooner or later, nearly all of Eastern Germany's current paper products will make the trip to Schwedt.

The Haindl plant's raw materials will be the paper

and cardboard refuse of 7 million people — over half the adult population of Germany's new states, according to Wolfgang Oberressl, spokesman for the Augsburg-based company.

After its reincarnation in Schwedt and other recycling and production sites in Germany's new states, the paper makes its way to such print sites as Wechmar, Thuringia, where Bartsch GmbH, a Munich-based company, has set up a major computer-form and airline-ticket printing operation, or to Suhl, where Munich's Süddeutscher Verlag has just commissioned a facility for the publishing of a range of regional newspapers, or to three dozen other similar operations.

Many of the items produced at these sites are printed by machines from such thriving local producers as MAN Plagow of Plauen, Saxony.

From start to finish, this exercise in self-generating

growth is making nearly everyone happy.

Development planners call it "reindustrialization"; for others, it's "reculturalization." With a firm eye on the bottom line, foreign investors see the changes taking place in the region as a very good business opportunity. As long as wages are lower in the new states, money is going to be made there.

One group is not joining in the paucity of praise. "We're surviving, but certainly not flourishing," is how the managing director of one small publishing house in Leipzig puts it. There are 160 publishing houses in the new states. All told, they have realized a modest growth of 8 percent in sales over the last three years. "Publishing is a hard business everywhere," reflects the book publisher, taking the broad view.

Vehicle manufacturers in Germany's new states, however, have nothing to complain about. They share one sterling statistic: In the second year of a worldwide recession in their sector, local producers are recording sales some 44.3 percent higher than at the same time last year.

Aside from that, this unimaginably mixed corporate community has only one other thing in common: their products have rubber wheels.

The "rolling stock" of the Golfs manufactured by VW in Mosel, Saxony and the Vectras and Corsas made by Opel in Eisenach, Thuringia share the characteristics of four wheels and standard size and weight.

Double-sized wheels — and two to three times as many of them — convey Mercedes Benz's trucks, which are turned out in its plant in Ludwigsfelde, Brandenburg, and Omnibus



A new Opel being built in Eisenach, Thuringia, which has become a major automotive engineering center.

GmbH's Metroliner buses, made in Plauen, Saxony.

Four wheels, ultra-small and ultra-light, convey the electric cars being manufactured by Subler Fahrzeugwerke-Hotzenblitz GmbH. The company's initial production of highly advanced, battery-powered cars has been making headlines throughout Germany.

Four ultra-rugged wheels underpin Mahindra's Jeeps. Put together in Weidau, Saxony, these "World War II original Jeeps" are amalgamations of "original and original-new" parts, as the management explains. "We get our parts anywhere we can find them," says a spokesman for the India-based company.

Varying numbers of wheels with an unimaginable variety of sizes characterize the vehicles produced by the region's 53 (at latest count) other vehicle manufacturers. These vehicles have one other thing in common: they don't carry passengers.

Multicar's small, highly adaptable "municipal vehi-

cles" do everything else, however, such as sweeping sidewalks, plowing snow and moving earth. This highly successful company is located in Waltershausen, Thuringia. The region's other vehicles' "highways" are factory floors, where they transport parts, or large-bore sewage pipes, which they clean from the inside. These vehicles frequently flood stadiums and schools, despoiled landfill sites and coal tallies.

There are literally hundreds of kinds of these special-purpose vehicles. Each of them is produced in very small runs. And that is precisely why the region's producers have flocked to them, according to Heinz Wiedenhöft, automotive engineering expert at Germany's federal ministry for economic affairs.

"These producers' traditional mass markets suddenly disappeared, and they were forced to restructure," Mr. Wiedenhöft explains. "These relatively small companies can afford to specialize in low-volume segments."

CONSTRUCTION INDUSTRY BOOMING THROUGHOUT REGION

After years of generous pump priming and extensive fine-tuning, the construction sector in Germany's new states is taking off.

It constitutes an indispensable pillar of support for local economies and a vital profit center for the recession-plagued international construction sector.

Construction up 40 percent in 1993

The boom is engendering a cornucopia of high-rise office buildings, sprawling shopping centers and large-scale industrial parks in the region — as well as "human scale" residential developments.

Viewed in its constituent units — television sets, sales dollars, Dow Jones points — there is nothing very exciting about a boom. But the construction boom in Germany's new states represents an exception, due to the nature of its units — the structures in which people live and work.

This year, construction is up 40 percent in Germany's new states. In the housing sector, new orders are 100 percent higher; this sector had, however, been a laggard in the region's first two years. Investments in construction, which foreshadow construction activity, have amounted to 85 billion Deutsche marks (\$49.7 billion) in 1993, up 26 percent over 1992.

In a November 1993 report, Munich's Ifo (Institut für Wirtschaftsforschung) set the amount of construction-sector investment required in the region at around 2.1 trillion Deutsche marks over the next 11 years. The actual levels of investment, as if also pointed out, will depend on public-sector budgets and private-sector interest.

Well over 30 percent of the new states' residents live in apartments that were modernized during the last three years, with another 400,000 people living in newly built or newly purchased houses or apartments. Virtually all the region's residents now shop, work and pursue leisure activities in structures that are pleasing and healthy to work in.

The construction boom was neither sudden nor self-starting. It took several major laws on restitution claims and environmental accountability, plus hundreds of incentives, subsidies and tax breaks (all costing Germany's taxpayers billions of Deutsche marks) to get this boom moving, and the creation, equipping and staffing of an entire system of administration to get it into high gear.

As late as spring 1993, Germany's trade papers were announcing "no clear-cut path to a full-fledged boom." Sometime in late spring, as the figures for annual investment and output edged higher and higher, the headlines shifted to

closed real-estate funds alone in 1993. Prime objects of investment: new projects in the East.

While Germany's private investors rush to take advantage of the spectacular tax savings still offered by the new states' accelerated depreciation tables, international financial and corporate heavyweights are also increasingly muscling into the region. The very latest of many examples: East Berlin's "Hofgarten am Gendarmenmarkt."

Announced in mid-November, this 550 million Deutsche mark project will be completed in 1996 and involves the restoration of three historic buildings and the construction of five new ones. Its developer is a Tex-

as, Gerald D. Hines. Its owners include seven major German banks, a Canadian hotel chain, German industrial companies and various other investors.

Rapid industrial growth in any sector spawns tycoons, and the new states' construction industry is no exception. Vying for the title of "Eastern Germany's Donald Trump" is Dr. Jürgen Schneider, who has acquired and restored five of Leipzig's most historic and beautiful buildings over the

last three years. He has also built environmentally compatible apartment complexes for the socially disadvantaged.

For future critics of architecture, the great construction boom of the 1990s in Germany's new states will evoke images of large-scale projects that restored a human scale to the region's cities.

At the moment, the historic cores of Brandenburg, Götting, Stralsund, Cottbus, Naumburg, Halberstadt, Weimar, Jena, Mühlhausen, Meissen and Götting are being redeveloped.



Linking up: Over 2,000 kilometers of rail track have already been modernized.

WHAT'S BEEN ACCOMPLISHED

As of September 1993, there are 440,000 commercially viable companies now operating in the new states.

A total of 28.65 billion Deutsche marks (\$16.8 billion) had been invested in telecommunications lines and facilities as of December 1993; 2.28 million telephone connections have been installed, bringing the total to 3.84 million, with an additional 5.1 million planned for 1994-97.

Around 38 billion Deutsche marks have now been spent on land- and water-based means of transportation. Over 2,000 kilometers (1,242 miles) of rail track have been modernized, of which 650 kilometers now have electric lines. Over 6,000 kilometers of highways and roads have been modernized, and 110 kilometers of roads have been built or widened.

Over 13,000 companies have been privatized by the Treuhandanstalt (as of September

30, 1993). This has produced revenues of 44.7 billion Deutsche marks and investment commitments of 182.37 billion Deutsche marks; 1.49 million jobs have been guaranteed. Over 8,000 companies have been reprivatized.

Investments in the region's structures and capital goods now total 373 billion Deutsche marks, with 136 billion Deutsche marks invested in 1993 alone.

Of total investments, 152 billion Deutsche marks have gone to capital goods and 221 billion Deutsche marks to buildings. The private sector has been responsible for 113.2 billion Deutsche marks in investments. Of that total, \$9.7 billion Deutsche marks have gone to productive facilities and 23.5 billion Deutsche marks to residential quarters. In the states as a whole, 1.5 million apartments and houses have been renovated and modernized, one-quarter of the region's total.

All these cities flourished in the Middle Ages, a time when most people went about their daily business on foot. In an automobile-ridden era, the idea of the walkable, knowable neighborhood is both modern and desirable, and it is the key concept behind a number of other major projects initiated by the building ministry in the region.

In contrast to the "model cities" program, the "experimental city life and planning" program — funded by the same ministry — is focused on employing highly advanced construction materials and technologies to cut building costs.

Designed by such architects as Finland's Pertti Solja, the program's look is decidedly postmodern. The goal, however, as a glance at a program site in Dessau reveals, is the same in both programs: to construct livable housing by creating lively neighborhoods.

Nowhere are there more of these neighborhoods and nowhere will the construction boom be more enduring than in Berlin, itself the traditional home of the "garden city," the prototype of these programs.

The city-state of Berlin has committed itself to building 100,000 apartments by 1995, most of those in the east, in such so-called "new-age garden cities" as Karow, Oberhavel, Altglienicke and Falkenberg.

All told, some 4,000 individual areas in Germany's new states have been restored or built through such urban-renewal and planning programs.

The authorized lending total of the Kreditanstalt für Wiederaufbau (KfW) public-sector development bank has recently been raised to 60 billion Deutsche marks. Of these credits, 10 billion Deutsche marks have been reserved for the modernization of the mass-scale residential complexes built in the former East German era. For the region as a whole, the KfW has already authorized 18 billion Deutsche marks for 340,000 living unit renovation projects.



A new industrial park in Brandenburg, one of many signs of business-sector expansion.

BRINGING THE NEW STATES UP TO DATE: THE TRACK RECORD

Three years is enough to judge the progress of economic integration, especially in view of the make-or-buy nature of the subject — the current state of the corporate sector in Germany's new states — and the very large sample to choose from — a total of 440,000 viable "commercial units" including 100,000 medium-sized and large companies.

Half of the companies in Germany's new states judge their current levels of

Investor reaction is generally positive

turnover and production as being positive, and roughly one-quarter as negative, according to a poll conducted in November 1993 by Cologne's Institut der deutschen Wirtschaft. Half expect these two items to rise further in 1994; one-quarter say they will remain stable. Forty-two percent of the companies contacted say they have an adequate to superior level of profitability, with the same number foreseeing an improvement in profitability in 1994. Forty-seven percent expect profits to remain at their current level.

Employment is a big problem and is going to remain one. Only 9 percent of the region's companies believe they can maintain the current levels of their work forces, much less hire more staff, and only 33 percent expect the overall employment situation to stay the same or get better by the end of 1994.

Not surprisingly, investors are quite bullish about these companies' continued prosperity. An authoritative study recently conducted by Price Waterhouse found that 78 percent of all investors who had purchased privatized companies in Germany's new states were "moderately to very satisfied" with their decision. An overwhelming 86 percent would do it

again. Studies of greenfield investments generally put the figure of investor satisfaction at between 65 percent and 80 percent.

Comprehensive in scope, even-handed in coverage, these studies do have one limitation. They deal only with the ongoing operations of existing businesses. They have not (as yet) surveyed the investors' reactions to what is involved in setting up a new business or facility in Germany's new states: the costs and availability of real estate and labor, and the "rules of thumb" for getting through the approval process.

These areas are precisely where conditions have been changing most rapidly. A recent canvassing of companies currently setting up facilities and subsidiaries in Germany's new states came up with some rather heartening findings.

Developable land is now very reasonably priced. According to Ring Deutscher Makler, undeveloped sites in Germany's new states now cost an average of 60 percent of those in the West, putting them at the level of such West German areas as northern Lower Saxony, the outlying areas of the Ruhr district and the western portion of the Rhineland-Palatinate.

According to investors who have just completed a "site search," this land is also widely available. Not only does this availability speed up the "site search" process, it is also helping investors avoid problem areas of the past.

There is such a selection of industrial parks in Germany's new states that such past issues as restitution or scarce real estate just don't come up any more. Business sites are freely available, as long as you're not looking for a downtown site in such cities as Dresden or Leipzig," says Harald Maroldt, chief operating officer of Kathrein-Werke KG, a Bavarian-

based building and communications equipment manufacturer. "Like anywhere else, top-grade sites are at somewhat of a premium in the new states."

Often the developer is the local community itself. "Our site was purchased for us by the city government itself, which took care of everything from infrastructure to permits," says Wolfgang Oberressl of Haindl GmbH, an Augsburg-based paper producer.

Local communities are getting high marks from investors for the promptness and comprehensiveness of their assistance, and for their interest in securing outside investment. As Mr. Maroldt points out, however, there are limits to this interest.

"By now, there are enough suburban hypermarkets in the new states, and I don't think most communities are particularly interested in attracting more of them," Mr. Maroldt says, adding: "But they're very interested in securing high-value-added jobs, especially those created by industrial facilities."

Setting up "fast tracks" for investment plans has been the top priority of all ministries of economic affairs in Germany's new states over the last three years.

According to investors contacted, the ministries have succeeded. As the Cologne survey discovered, "through times" — the time from initial submission of project plans to the receipt of official permission to go ahead — ranged from three months for a small electronics factory to 18 months for a major business park. These times were generally pegged at "one-third" of those standard in Western Germany.

One British energy-supply executive sums it up: "There's a general sense of urgency, of pressing economic problems requiring immediate attention."

ADVERTISING SECTION

ADVERTISING SECTION

EXPLORING OLD-NEW ROUTES: SCENERY, SITES AND COMFORT

Travelers are bold experimenters by day, but want comforts at night, says one travel-industry maxim. Germany's new states are now able to satisfy both kinds of travelers' needs.

Reports of the opulent design of Cottbus' Jugendstil theater, of the beauty of Wörlitz's park, of the brooding isolation of

Theme routes with rare attractions

Mecklenburg-West Pomerania's lakes, and of the hundreds of other natural, cultural and historic attractions in Germany's new states has recently sent millions of would-be explorers to their atlases and art history books to plan trips to the region.

In the past, reports of the region's lack of decent accommodation and appetizing cuisine, however, often forestalled these shelter-seekers from calling their travel agents.

Two new kinds of reports about travel to Germany's new states have recently been circulating in Germany's press.

The first concerns routes, such as the "Romanesque Route" in Saxony-Anhalt, the "Fairy Tale Route" and "Route of the Classics" in Thuringia, the "Silver Route" in Saxony, "The Trail of Fontane" in Brandenburg and "The Way of the Allees" in Mecklenburg-Western Pomerania.

The second new report encouraging would-be visitors concerns the growing

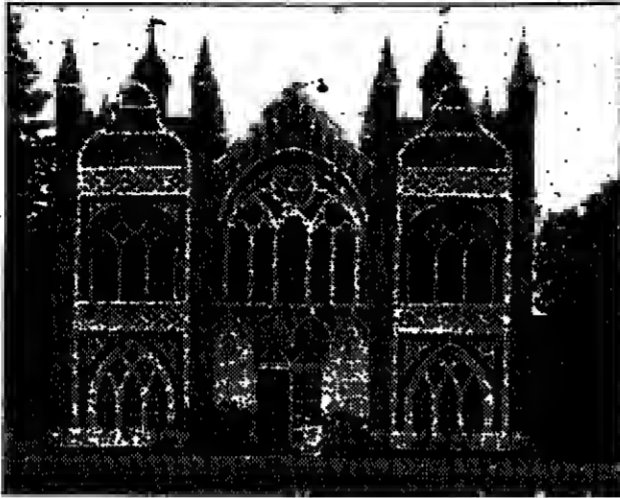
number of hotel beds in Germany's new states. At latest count, there are 150,000 hotel beds in the region, up 15.6 percent over 1992, with another 106,000 beds now available in spas, guest houses, sports camps and hostels.

"Good news from the new states; the standards and supply of hotels are increasing, prices are sinking," announced a November report in Handelsblatt, the authoritative German daily.

As a result of such positive reports, more and more tourists are beginning to visit Germany's new states. Tourist arrivals in the region were up 13.6 percent as of September 30 this year, according to Germany's federal office of statistics. Overnight stays, which registered a 20 percent jump in 1992, are running a further 10.3 percent higher this year.

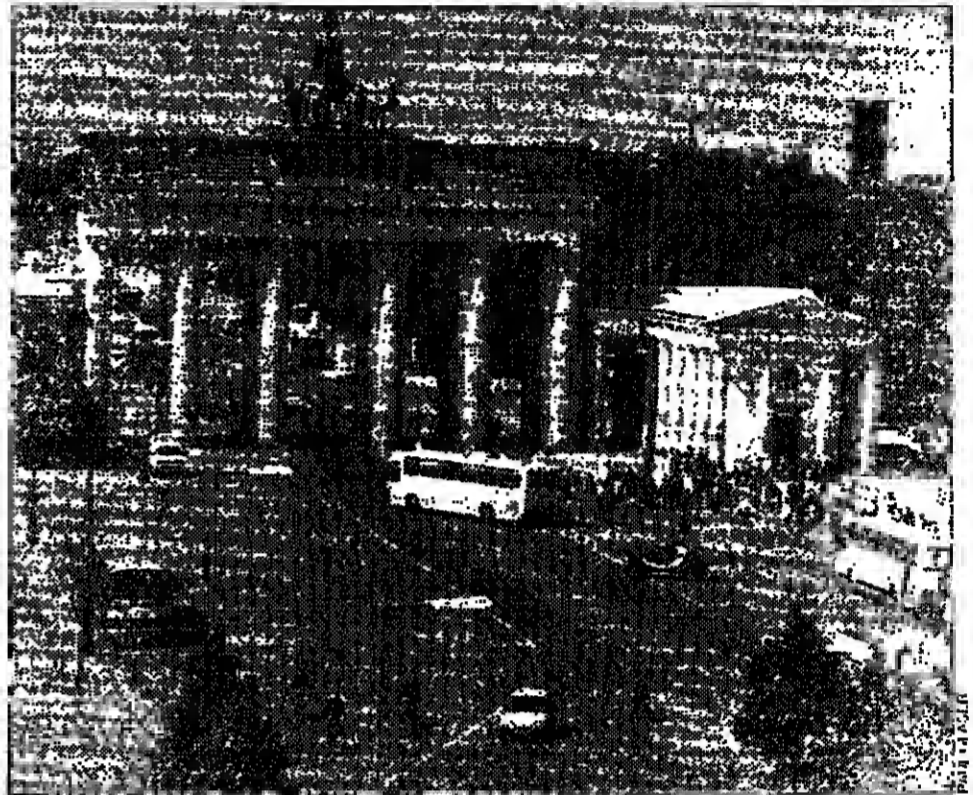
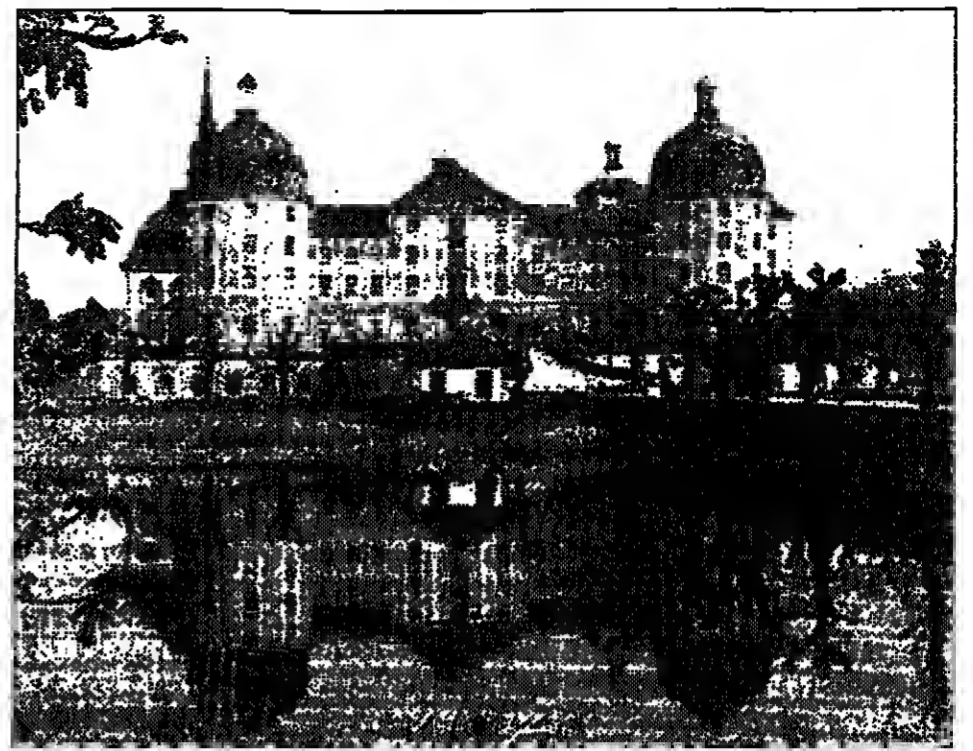
The theme-oriented routes provide ample fare for any explorer. The 1,000-kilometer (621.3-mile) "Romanesque Route," for example, includes 12 fortresses, three cathedrals, three cloisters, two mountain ranges, an extensive moor, three riverine natural preserves and dozens of idyllic villages and small cities.

And more welcome news from the region is being communicated by word-of-mouth: not only are there now enough restaurants in Germany's new states to feed hungry travelers, but now many of them are excellent, with quite a few featuring ethnic cuisines from around the world.



Architectural landmarks are among the states' attractions. Clockwise from upper left: Lübbenau in the Spreewald, Brandenburg; Moritzburg Castle in Saxony; Berlin's Brandenburg Gate; the marketplace, castle and city hall in Eisenach, Thuringia; Gothic House in Wörlitz Park, Saxony-Anhalt.

GERMANY: THE NEW STATES



In most of the region's urban neighborhoods, Peking Palasts compete

with Hong Kong Houses. In Dresden, the best places to get breakfast are not the

city's bevy of American-style hamburger outlets, but rather Café Luxor, whose

Italian owners provide both superior cappuccino and resplendent Egyptian decor.

Epicures, vegetarians and other discriminating folk are reporting that they not

only find enough to eat in the East, but that they actually enjoy eating there

FIRST STOP FOR INVESTORS: BERLIN'S FOREIGN INVESTMENT CENTER

After thousands of very tentative initial gestures, a conclusive figure is now available—1,440 major investments have been made by non-German companies in Germany's new states.

Nearly all of these investments—which include Birla's bicycles, Kvaerner's shipyards and Samsung's TV tubes—started their lives as a single, often uncertain telephone call, a broadly worded letter or a brief conversation at a reception or conference. A good many of these initial investor contacts were made with Berlin's Foreign Investor Information Center.

First-stop agencies are generally confronted with a mixture of broad queries and specific, immediate concerns. In the case of Germany's new states, the queries could not have been broader or the concerns more immediate, remembers Helga Manneck, who has headed the eight-person agency since shortly after its inception in September 1991.

"We were confronted with such very apt, very basic questions as, 'In view of the restitution mess, can real estate be acquired at all in Germany's new states?' and 'What is the market for medical technologies like?'" she says, adding, "At the same time, we were helping visiting investors deal with the small and irksome challenges of a very

foreign country, helping them make telephone calls—no easy matter in those days—or use public transportation or find a bridge club."

While its operating environment was unique, the idea behind the founding of the Foreign Investment Center was not. Every investment-minded nation has its own equivalent. The good ones are staffed by people with linguistic abilities, endlessly obliging personalities and a hard-edged persistence in unearthing the bureaucracy-bound information desired by investors.

Follow-up, explains Ken Bremer, is what solidifies a tentative, broad query into solid investor interest. "One thing we've noticed in all of the 4,000 serious queries we've processed," says Mr. Bremer, an American and one of the initial staff members of the agency, "is that each investor comes to us with his or her own information checklist. Proceeding down it often involves a lot of legwork. Once the investor has received this basic information, the investment process moves into a serious phase."

At the beginning, in an era in which hundreds of laws, regulations and incentives had just been formulated, in which state and local governments were only months old and telecommunication connections were difficult at best, the center's legwork sometimes took

on monumental dimensions. "In those days, the local scene and the international market were far apart in terms of knowledge of each other," says Manfred Rupprich, staff investment officer. "That has completely changed over the last three years, on both sides."

"Take the growing outreach from the local side. Today, each state government and community of any size in Germany's new states has its own, highly capable investment promotion agency. Most of them even have a native [English] speaker on their staffs. This very welcome competition has shifted the focus of our legwork to actively approaching the overseas market."

Rather than waiting for investors to come to Germany, the center's staff, under the auspices of the German federal Ministry for Economics, is increasingly bringing the message to businesspeople on their home ground. The center has produced brochures on each sector, giving each region's product areas and markets.

"We often encounter what we call 'second wave investors.' They are generally very well briefed on Germany's new states, from three years of waiting and watching," says Ms. Manneck. "Our job is to find the key bit of information, the potential opportunity that will trigger investment."

REFUGE, INSPIRATION: BIG-TIME ARTISTS AND SMALL-TOWN EASTERN GERMANY

It was one of the great traditions of German intellectual and artistic life in the late 19th and early 20th century: Every year, for indefinite periods of time, leading cultural lights would leave Berlin and its cosmopolitan charms and head off to the countryside surrounding the city.

Some never returned. The countryside had quite a bit to offer. It was quiet and inexpensive and remote. The latter was a great

Arts scene is still lively

advantage during the Nazi era, during which many of the country's literati went into self-effacing inner exile.

During the four decades of East German rule, the country's large corps of creative and talented people continued the practice of earlier days. The only thing that changed was the nomenclature: the "vacation house" became the "dacha."

Today, the burgeoning number of visitors to these arcadias have no trouble discovering where cultural

luminaries vacationed and laid low.

These prospering artist colonies are graced by an above-average concentration of "Fontane drugstores" and "Tucholsky cafés" and "Zur Brücke" (named after the Dresden-based Expressionist art movement) restaurants.

"We now have designer boutiques and prize-winning restaurants in Ahrenshoop, locally owned and very pricey," says Ilse von Guttenberg. This little thatched-roof community is perched on a long, bony arm of land extending far into the Baltic.

Beginning in the 1890s, Ahrenshoop was taken over by such artists as Gerhard Marks and Hugo Richter-Lefensdorf, along with dozens of other prominent artists of the time.

They were in good company. Rügen, the "big island" to the east, had been home to famous artists since the days of Caspar David Friedrich. Hiddensee (located between Ahrenshoop and Rügen) attracted primarily a literary crowd, led by the writer Gerhart Hauptmann. But each of Mecklenburg-Western Pomerania's little villages

and towns had its "artist in residence", including Güstrow (Ernst Barlach) and Krakow am See (Fritz Reuter).

Not that art-making is a thing of the past in the region. The highly active local arts community has set up a gallery in Ms. von Guttenberg's house, recently returned to her family after confiscation by the East German government.

Brooding writers like brooding waters. They also like quick access to the big city's literary cafés. That's why the lake-side communities of Brandenburg and Mecklenburg-Western Pomerania—all within an hour or two of the Küddamm—were so widely patronized by such titans of poetry and prose as Bertolt Brecht, who summered in Buckow, east of the city.

Kurt Tucholsky, who was anything but a brooder, shared this passion, even writing "Rheinsberg—a book for those in love" about the north Brandenburgian lake and its palace.

Poets, on the other hand, patronize storm-tossed, wildly romantic landscapes. And that describes in a nutshell the Harz mountains,

where Heinrich Heine made a pilgrimage in the early 19th century. His winter Wandering (hike) through the Harz formed the appropriate background for a number of his poems. The pilgrimage ended in Weimar, in a rather disappointing encounter with his "old master," Johann Wolfgang von Goethe. Instead of quarreling about aesthetics, they would have done better to discuss hiking shoes: In his youth, Goethe had made his own

Brecht summered in Buckow

winter trek through the Thuringian hills.

Many people know and love Dehnstedt in the late afternoon or a pond near Moritzburg in the heat of the summer sun—without ever having been there. These central German villages were where Feininger, Pechstein and Kirchner found their arcadias.

For Käthe Kollwitz, the portrayer of human affliction, Moritzburg was much more than a summer home and a source of visual inspiration. It was her last place of refuge.

REGION'S TRADITIONAL CRAFTS ADOPT MODERNIZED TECHNIQUES

One of the few craftspeople in the world capable of repairing a 17th-century Stradivarius or Amati or Guarneri violin is Bernd-Albrecht Kühne of Sudau.

Mr. Kühne uses ancient tools and 300-year-old wood when he repairs old instruments or makes his new vio-

Companies are capitalizing on expertise

lins. Their proportions are also straight from the late 17th century.

Few long-established companies are capable of accurately reproducing the first models their company turned out, but at the 283-year-old Staatliche Porzellan-Manufaktur Meissen GmbH, craftspeople can reproduce the company's 18th-century Meissen porcelain with no problem, since they

are still using the same materials the company worked with centuries ago. And all of the company's 250,000 patterns are on file. Some 150,000 of them can be ordered on a normal basis; others are available through special order.

There are also very few long-established companies still producing their original products—and prospering because of it. Käthe Lindner represents the third generation of her family to own and operate Lindner Feinkartonagen, recently started up again after an involuntary 40-year interruption. This company makes opulent, cardboard-based containers in which perfumes, art books and jewelry are packed, using basically the same methods and materials as were used 70 years ago.

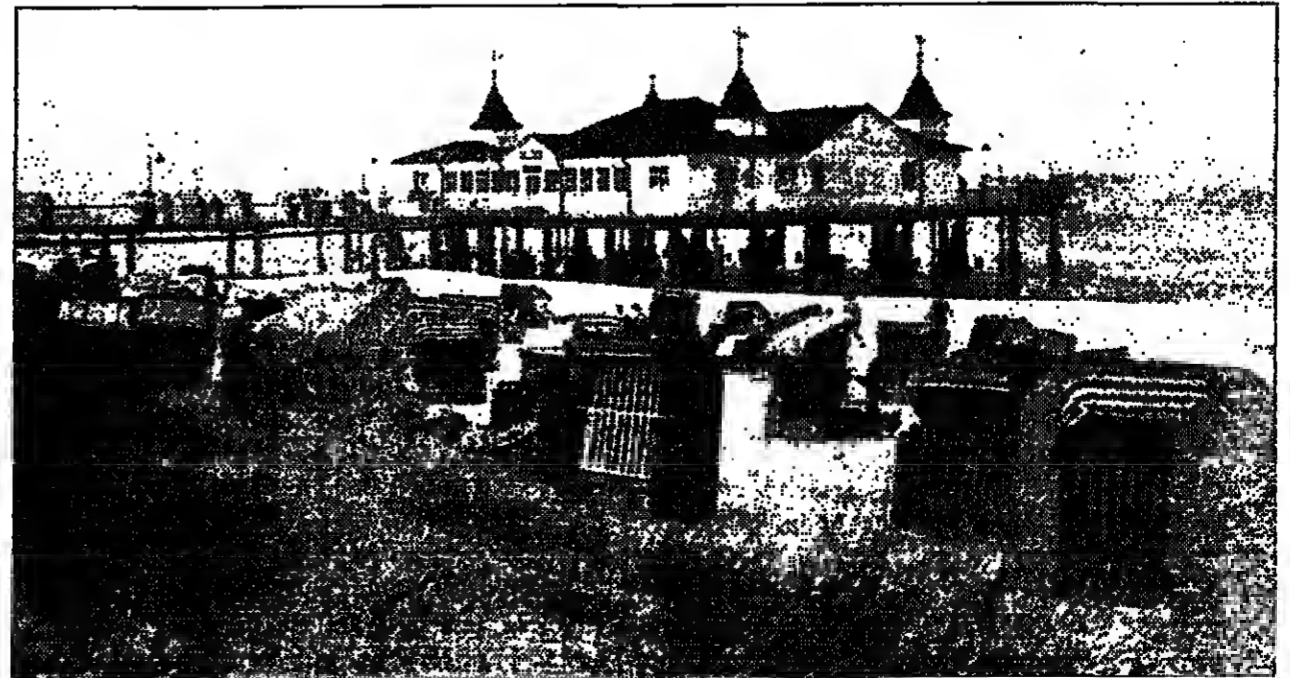
There are few regions displaying a comparable continuity in design, man-

ufacturing methods and materials as Eastern Germany, and certainly none which has just come out of a wrenching, 40-year interregnum.

In some cases, designs and trademarks survived because they had international prestige, with Meissen serving as an example. In many cases, the artisans themselves survived as independent entrepreneurs, tolerated as useful specialists by the state.

In most cases, reprivatized or refounded companies are reviving half-forgotten designs, trademarks and company names.

Like Ms. Lindner or piano builder Jan Thürmer, many of these reprivatizers and refounders are the descendants of the original founders, individuals whose memories of former production technologies and market niches are often the companies' most important capital.



Former artists' colonies, like this one in Mecklenburg-West Pomerania, are now drawing foreign tourists.

SPORTS

Crippled Yacht Finishes Leg 2

By Keith Wheatley
Special to the Herald Tribune

FREMANTLE, Australia — Brooksfield, the Italian yacht that lost its rudder and came close to sinking in the remote Southern Ocean, crossed the finish line here Tuesday in 11th place after Leg 2 of the Whitbread Round the World Race.

Disaster struck Dec. 3 when Brooksfield's rudder shaft broke between the deck and hull bearings. Immediately, the 2-meter (6.5-foot) high, spade-shaped rudder cranked over to a near horizontal position below the waterline and its shaft began to tear the hull open.

The watch leader, Andrea Proto, wept as he described how the crew worked a chest-high in freezing water, to plug a 50-centimeter hole in the 18-meter glass-fiber hull.

"We had to get the rudder free of the boat," Proto said. "Before that could happen, we had to break off a quadrant on the shaft that was too big to go through the hole."

"In the flooded compartment the water was above the chest and very cold, about 3 degrees Centigrade. We could stand but our heads were banging on the roof. The quadrant was swinging around. It was very dangerous."

With hacksaws and hammers, they managed to break the quadrant free of the shaft and cut the wires linking it to the steering mechanism.

The crew on deck then hoisted the smallest storm jib. At this point the wind was blowing

40 knots with a big sea running. With a small amount of steerage way, Guido Maisto, the skipper, was able to jink the rudder from side to side and have it drop free of the yacht.

"Now we in the aft compartment could think to stop the water coming in," continued Proto. "We stuffed a sail bag into the hole and then a bucket."

"This was not enough so we then wrapped a foam bunk cushion around the bucket. Then we put floorboards over it and braced the boards down with a spinnaker jockey pole." This took the leakage down to a manageable 100 liters (26 gallons) an hour.

Meanwhile, a combination of bilge pumps and crew members with buckets began to bale out the three tons of water inside Brooksfield. It wasn't for another 24 hours after a 70-knot storm had passed through that the skipper felt confident enough to begin the 3,200-kilometer (2,000-mile) voyage to Fremantle at a cautious 6 knots.

"There was no panic but it was not a good feeling to be at 49 degrees south with a flooded boat," he added.

Maisto had been criticized in the Italian media for setting off an emergency satellite distress beacon immediately after the incident occurred.

Winston and La Poste, two other Whitbread race competitors, turned back to search for Brooksfield in the worst storm to date in the 51,000-kilometer race.

[On Tuesday, the race's international jury considered requests by the two yachts for time redress. The Associated Press reported. The jury's decision was expected to be announced Wednesday.]

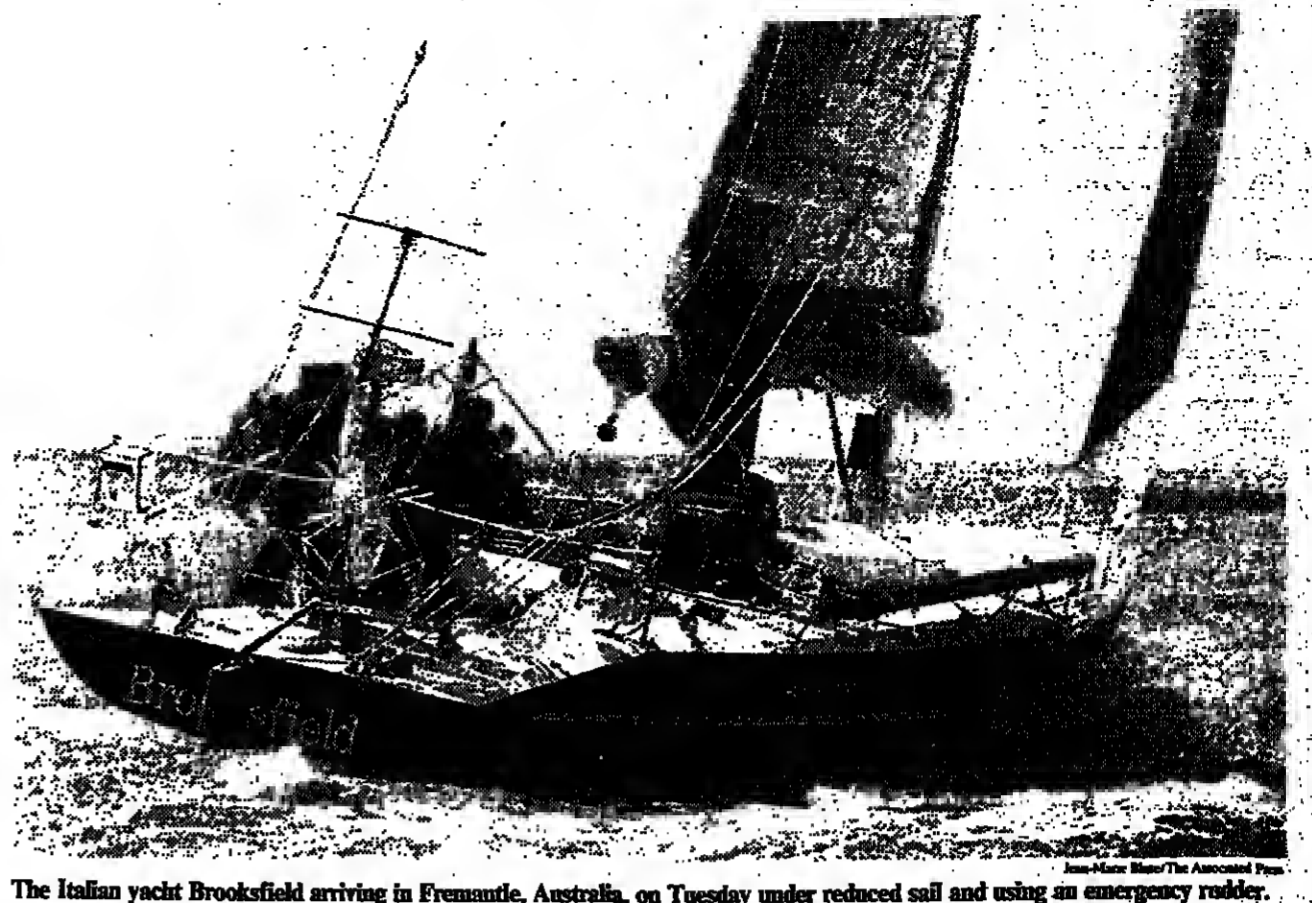
"If I were again in the same situation, I would do the same as we did," said Maisto. "I had to think of the crew and it was important to have some assistance as soon as was possible. Our other possibilities of communication had gone."

The flooding of Brooksfield's stern section ruined both the Inmarsat satellite communication equipment and the conventional high frequency radio. Officials had no way of telling whether the bleeping beacon was aboard a crippled yacht, a liferaft, or just floating above the site of a sinking.

Similarly, once the situation aboard Brooksfield was under control, Maisto had no means to tell the world that the risk was over. It was not until La Poste reached the crippled yacht and stood by for 48 hours that race officials were told the good news.

Proto endorsed his skipper's decision to activate the distress beacon. "Personally I felt very good that the rest of the world knew what was happening," he said. "We felt very vulnerable at that moment."

His account of the incident appeared to silence critics. "If anything, we are guilty of underdramatizing a very serious situation," conceded the Whitbread race director, Ian Bailey Wilmut.



The Italian yacht Brooksfield arriving in Fremantle, Australia, on Tuesday under reduced sail and using an emergency rudder.

Slalom Victory in Italy Is Atonement for Tomba

Compiled by Our Staff From Dispatches

SESTRIERE, Italy — The Alpine skiing star Alberto Tomba bounced back from his worst result in four years by winning a World Cup slalom in front of thousands of cheering Italian fans on Tuesday.

"I felt upset when I thought about Monday's result," Tomba said, referring to his 17th place in a giant slalom at Val d'Isere in France. "I went right down to my stomach."

Stung by criticism in the Italian press, the triple Olympic champion delighted his noisy followers in his adopted home resort by winning here for the fifth time. It was his first success in Italy in two years. "It was my goal to win in Sestriere, to begin to hit my peak at the time of the Italian races," he said.

Tomba triumphed by a margin of 0.75 seconds with a combined time of one minute, 58.38 seconds for the two runs on the Kandahar piste.

"I'm always under fire when I do not win, and it's unfair," Tomba said. "Yesterday it was another day, on a course I did not like, which did not fit to me. Today I was more aggressive, determined on a perfect track."

Thomas Stangassinger of Austria was second and remains on top of the World Cup slalom standings with 260 points in three races. Ole Christian Furuseth of Norway finished third, posting the best time on the second run.

Tomba, 26, was clearly delighted with the 31st victory of his career and his second successive triumph in slaloms after victory at Stoneham, Canada, earlier this month.

He sank to one knee in a mixture of exhaustion and relief after crossing the line for the second run.

He said he was still suffering from a mild case of bronchitis that was affecting his breathing and appetite.



Alberto Tomba roared to a World Cup slalom victory Tuesday in Sestriere, Italy, a day after flopping in a giant slalom at Val d'Isere in France. After his triumph before thousands of fans, the Italian star said he had been "more aggressive, determined on a perfect track."

"I can hardly breathe, and I am not at 100 percent," Tomba said. "Certainly I'm doing better in slalom because I trained this discipline harder during the summer. I hope to be in top form in February, for the Lillehammer games."

Tomba will be trying for an unprecedented fourth Olympic title in Norway in February. He won two

gold medals at Calgary in 1988 and one at Albertville in 1992.

Stangassinger had also been feeling ill and was thus more than happy with his 80 points.

"I woke up with flu and my legs had gone at the end of each run," he said.

Three of the top five from the first run went out in the second amid murky conditions.

Marc Girardelli, last season's overall World Cup champion, continued his poor start this season as he crashed after having taken fifth place on the first run.

The Austrian-born Girardelli, who races for Luxembourg, lost control just past the halfway point and ended up on his backside.

The flop completes a wretched two days for the five-times World

Cup winner, who failed to qualify for the second leg of the giant slalom in Val d'Isere on Monday.

Thomas Fogdöe of Sweden and Thomas Sykora of Austria also missed gates on the second run after strong first-run performances.

Kjetil Andre Aamodt of Norway took seventh and maintains his lead in the overall World Cup standings. (Reuters, AP)

N.Y. Mayor Sets Deal With USTA

New York Times Service

NEW YORK — Despite objections from Mayor-elect Rudolph W. Giuliani, Mayor David N. Dinkins has completed final negotiations on the expansion of the National Tennis Center in Queens and was to sign a long-term lease Tuesday, city and tennis association officials said.

The signing of a contract with the U.S. Tennis Association for the expansion of the center in Flushing Meadows-Corona Park will complete more than two years of talks.

It also caps a political dispute between Dinkins and Giuliani, who had criticized the deal and had urged the mayor not to complete the contract talks before leaving office.

But the mayor has defended the agreement, calling it "the best deal for a municipal stadium in the nation."

Under the plan, the USTA would pay for a \$172 million expansion of the center, and it would receive an additional 42 acres (17 hectares) of parkland from the city.

The USTA would keep the national tournament in New York for at least 25 years — and, if it exercised a series of lease options, for as long as 99 years — and the association would continue to maintain and operate the center.

The city, in turn, would continue to own the center, including a new 23,500-seat stadium that is to be built.

With Malone at Center, Jazz Outduels the Spurs

The Associated Press

Karl Malone scored 27 points. More importantly, he played center and held David Robinson in check as the Utah Jazz beat the San Antonio Spurs.

"We put Karl on Robinson and I thought he did a great job of keeping him away from the basket," said Utah's coach, Jerry Sloan.

NBA HIGHLIGHTS

whose team on Monday also won sole possession of second place in the Midwest Division. The Jazz (14-7) are 5½ games behind the 19-1 Houston Rockets.

"We went out there and helped each other and just played solid defense," Malone said. "It was a big win for us because they're in our division."

Utah outscored the Spurs 15-6 in the first 9:06 of the fourth quarter. San Antonio's coach, John Lucas, then was ejected for his second technical foul of the game and the Jazz took their largest lead at 99-82 with 50.5 seconds left.

Malone helped hold Robinson to 23 points — 5.3 below his average — and 11 rebounds. For Utah, John Stockton had 16 points and 13 assists. Tom Chambers had 16 points and Jeff Malone 15.

Dennis Rodman had 20 rebounds and no points for San Antonio. The Jazz held San Antonio to 11-for-37 shooting in the second half, and the Spurs had eight turnovers in the fourth quarter.

Suns 112, Bucks 104: In Phoenix, the Suns trailed by five points entering the fourth quarter, but tied it at 96 with 3½ minutes left. Dan Majerle made a three-pointer to break the tie and the Suns pulled away after that.

"Just because you have a poor record doesn't mean you get blown out every night," Charles Barkley said of the Bucks (4-16). "Let's give them some credit for playing a good game, and let's give us some credit for doing what it takes to win."

Barkley had 28 points and 21 rebounds. Kevin Johnson had 32 points and Majerle 19. Milwaukee had nine more field goals (45) than the Suns and shot 59 percent. But Phoenix was 37-of-45 from the line to 10-of-17 for Milwaukee and won its sixth straight.

Nets 110, Bucks 105: In East Rutherford, New Jersey, Kenny Anderson had 32 points, 11 assists and 10 rebounds, and Kevin Edwards scored a season-high 28 against his former team.

Anderson clinched the triple-double with six assists on a lane jumper by Armon Gilliam with 35 seconds remaining to make it 107-103. After Bumbo Coles scored for Miami, Anderson penetrated and drew the defense off Chris Morris, passed outside and watched Morris make a 3-pointer for his only points of the game.

Celtics 112, 76ers 107: In Boston, Dec Brown was 14-of-19 from the field and scored a career-high 35 points.

In four games since getting his previous career-high of 32, Brown made just 9 of 34 shots and scored 23 points. He made three shots against the 76ers in just 77 seconds, crasing Philadelphia's only lead, 59-57, and putting Boston ahead 63-59 with 4:46 left in the third quarter.

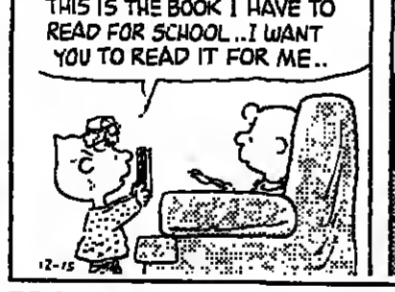
Those baskets began a 16-4 run that he finished with four points as Boston took a 73-63 lead with one quarter to go. The Sixers got no closer than four the rest of the way.

DENNIS THE MENACE



"HUMAN LET'S SEE, THERE'S DENNER, BUTZEN, SASSAFRASS, DROOPY, HENRIETTA, SHORTER AND SLOWPONE."

PEANUTS



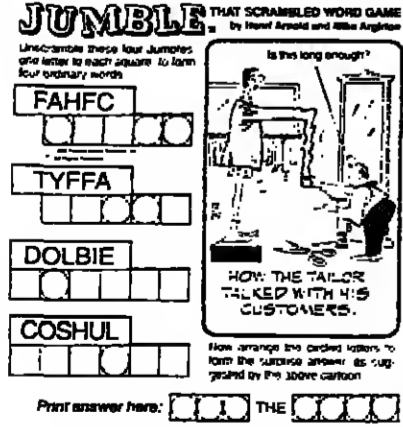
"THIS IS THE BOOK I HAVE TO READ FOR SCHOOL... I WANT YOU TO READ IT FOR ME..."

CALVIN AND HOBBES



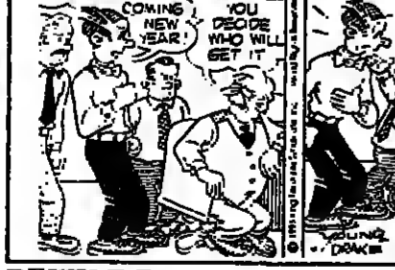
"DEAR SANTA, LAST YEAR I DID NOT RECEIVE THE 15,000 ITEMS I REQUESTED FOR CHRISTMAS..."

JUMBLE



Print answer here: THE

BLONDIE



"WE ALL DEMAND A 1% RAISE FOR THE ONE RAISE YOU GAVE ME LAST YEAR..."

WIZARD OF ID



"SO, HOW DO YOU FEEL ABOUT LIFE IN THE MILITARY?"

BEEBLE BAILEY



"I'D RETIRE AND STAY HOME ALL DAY EXCEPT FOR ONE THING..."

REX MORGAN



"YOU SEE - IT'S BEGINNING TO SHAPE UP ALMOST DONE!"

DOONESBURY



"ANY CHANGE, SPT? A QUAR...?"

GARFIELD



"DINNER'S READY!"

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SPORTS

Steelers Stop Rally To Hold Off Dolphins

The Associated Press
MIAMI — The Pittsburgh Steelers' defense gave up 348 yards to the Miami Dolphins and still looked great.

Five sacks, three takeaways and two key plays near the goal line helped Pittsburgh hold off a late Miami rally and post a 21-20 victory Monday night.

"For whatever reason, we have a bend-but-don't-break, big-play, opportunistic defense," said the Steelers' coach, Bill Cowher.

Rebounding from back-to-back losses, the Steelers have now won two in a row by a total of four points. They are 5-5 and trail AFC Central leader Houston by one game heading into a showdown at home against the Oilers on Sunday.

"We're in a do-or-die situation. Quarterback Neil O'Donnell said, 'We have to win every week. We dug ourselves a hole early, so we have to come out and play like we did tonight.'"

The Dolphins (9-4) fell into a first-place tie in the AFC East with Buffalo, which plays at Miami on Sunday. Coach Don Shula's team had the NFL's best record two weeks ago, but now has suffered back-to-back losses.

The Dolphins rallied in the final 10:30 with two touchdowns, including rookie O.J. McDuffie's 72-yard punt return. But Rod Woodson's eighth interception of the season ended the Dolphins' final possession after they had reached their 44-yard line with 15 seconds left.

Squandered chances hurt the Dolphins, who twice failed to score after penetrating Pittsburgh's 5-yard line. Woodson forced a fumble to end one threat and Chad Brown sacked DeBerg to spoil another.

Carmel Lake's interception and a 46-yard return — extended by a lateral to Woodson — set up O'Donnell's 2-yard touchdown pass to Merrill Hoge for a 21-6 lead five seconds into the fourth quarter.

Ranked No. 1 in the NFL in yards allowed, the Steelers frequently blitzed DeBerg. He completed 27 of 44 passes for 344 yards, but gave back 45 yards in sacks and three two interceptions.

The Dolphins began to rally when Keith Jackson caught a 3-yard touchdown pass from DeBerg with 10:30 left to trim Pittsburgh's lead to 21-13.

The Dolphins failed to move on their next possession, but forced another punt, and McDuffie dodged and darted down the middle of the field untouched to score with 6:37 left.

The Dolphins reached the 2 in the first quarter, but Brown sacked DeBerg on third down, and Pete Stoyanovich's 37-yard field goal attempt bounced off the left upright.

In the second quarter, Terry Kirby took a short DeBerg pass and broke loose down the middle. But Woodson spoiled the 51-yard gain by stripping the ball from Kirby's grasp and Lake recovered at the 2.



The Steelers' Leroy Thompson, filling in for the injured Barry Foster, heading for a touchdown.

Playoffs: In, Out and Hoping

NFL's Postseason Picture Is Beginning to Take Shape

By Frank Litsky
New York Times Service

NEW YORK — The last time the Giants and the Jets made the National Football League playoffs together was after the 1986 season. The Jets won a playoff game, lost one and were done. The Giants won all of theirs, including Super Bowl XXI.

This season, the Giants (10-3) have become the first team to qualify for the playoffs. And with three games remaining, the Jets (8-5) have a solid chance to make the playoffs as a wild-card team.

Four of the six playoff berths in the American Football Conference seem headed for the Miami Dolphins (9-4), the Buffalo Bills (9-4), the Houston Oilers (9-4) and the Kansas City Chiefs (9-4).

With the Jets at 8-5 are the Los Angeles Raiders, the Denver Broncos, and the Pittsburgh Steelers.

None of those AFC wild-card candidates faces an easy three-game windup.

The Jets have the toughest task, playing the Dallas Cowboys at home Saturday and then Buffalo and Houston on the road. One playoff berth may await the winner of a final-game Jan. 2 showdown between the Raiders in Los Angeles.

If the Jets wind up in a tie in the standings with either the Raiders or Broncos, they would lose out in the wild-card race because they have been beaten by each of those teams.

In the National Football Conference, the Cowboys (9-4) and the San Francisco 49ers (9-4) seem sure to join the Giants. After that come the Green Bay Packers (8-5), the Detroit Lions (8-5), the New Orleans Saints (7-6) and the Chicago Bears (7-6). Even the Atlanta Falcons (6-7 after an 0-5 start) are alive. The schedule is kindest to the Falcons, who will finish against the Washington Redskins (3-10), the Cincinnati Bengals (1-12) and the Phoenix Cardinals (4-9).

While the New Orleans Saints are still alive in the playoff chase, they are breathing hard. And there is no respite in sight because they next play the Giants on Monday night in New Orleans.

The Saints shot off to a 5-0 record, allowing only 12.8 points a game. Since then, they are 2-4, their once awesome defense yielding 24.3 points a game. They have lost three straight at home, including 23-20 Sunday against the lowly Los Angeles Rams.

"It's a long time since we heard people boo our defense," said inside linebacker Sam Mills.

"I don't like it, but I can understand it. We aren't getting it done."

The greatest insult may be next. In 1980, when the Saints staggered to a 1-15 record, fans wore paper-bag masks to games. They called their team not Saints but 'Aints.

The word on talk shows and at corner bars is that the paper bags will be back in force.

A Lottery of Chance in Las Vegas

International Herald Tribune
MIAMI — If soccer is the world game that it professes to be, it would stretch to the heights of Christendom, and perhaps the bowels of the gaming rooms. It almost manages both extremes.

Saint Benedict's prep school, a private Roman Catholic school, taking in all manner of pupils from the surrounding district of Newark, N.J., is both a producer of fine American soccer talents and of the great belief in the power of prayer. Tah Ramos, a former pupil, is one of the main hopes for the U.S. soccer team when it stages the 1994 World Cup in June and July. Before that, he will attend a dinner on Friday in San Francisco where he receives a runners-up award as the U.S. Player of the Year, behind the German-American Thomas Dooley.

But the head of Ramos's old school, Father Edwin Leahy, has just returned from a special mission to Bolivia.

There, in the Stadium Ramon Tahuichi Aguilera, Leahy led 2,500 boys in prayer for the recovery, in time for the World Cup, of Bolivia's finest player, Marcos Echeverry.

The school in New Jersey and the boys' soccer academy in Santa Cruz regularly exchange pupils. And Echeverry was there only in spirit.

He was in his apartment in Santiago, resting up after an operation to repair his knee, which was injured when he played for his club, Colo Colo. It will be touch and go whether he makes the World Cup, but by phone, he heard virtually every word of the service.

Echeverry's Bolivian team manager and officials will be in another place on Sunday. They will have journeyed to Caesar's Palace, where Bolivia takes its place for the first time as a member of the 24-nation World Cup finals. There, the wheels will spin and spin.

Last weekend, Bolivia expected to be one of the poorest placed teams in a World Cup draw seeded and categorized so that when the balls bearing the countries' names were placed in four jars, the weakest would be in the fourth, or lowest, rated pot, the strongest in the first.

The criteria for this was a complex mathematical formula based on the success or failure — or absence — of each team in the previous three World Cups.

There were protests from some teams, among them the Dutch squad, that they had been disadvantaged, and that their proper standing in the modern game was being penalized by arbitrary mathematics.

They had a case. Take the Netherlands' performance in World Cups dating to 1974, look at the country's comparative wealth of individuals, and it was nonsense that the Dutch team was placed lower than Ireland and Romania.

Similarly, Nigeria, under the mathematical formula, would have appeared in the fourth band of seeding, while Cameroon would have been two groups higher. Observers of African soccer know that Nigeria is a useful bunch of players capable of reaching the quarterfinals, while Cameroon is an aging lion, long in the tooth.

These anomalies will perhaps be eradicated by new groupings, which have only one batch of seedings, for the top six teams. The other 18 teams must take the risk of being drawn in the lottery of chance.

How much of a lottery it really is has been mused for years. Sepp Blatter, general secretary of FIFA, plays master of ceremonies in a number of languages with the aplomb and what sometimes seems the mystery of an illusionist. We can ask, but he never tells just how it is that in previous years all kinds of calamity in terms of political foes drawn together, or groups of sheer boredom, are neverningly avoided.

But now, with the abandonment of attempts to place all the teams on a chart of merit, we see clearly that the countries in the four groups are placed with geography in mind. The Africans cannot be drawn against one another, nor can the Asians; each will go into a different one of the ultimate six groups of four teams. What everyone waits to see is who plays in which city.

There are nine venues. Germany, as the 1990 champion, kicks off the tournament in Chicago, but thereafter all venues will be assigned only after the groups and the draw are concluded.

One of the conundrums that has preoccupied observers is how the United States will satisfy the desire in ethnic pockets for the fans' "country" to play where the supporters live. It is been taken as a given that Italy will play close to New York and that the Irish will be based in Boston.

But with the tickets virtually sold out, with the corporate purse having taken a massive share, one cynical organizer has questioned the need even to attempt to placate the expatriate communities. After all, he says, if Italian-Americans and Irish-Americans had to fly to new venues, more business and more cash flow would be generated for all concerned.

NEVER FORGET that the World Cup is heading for virgin territory, in a consumer-led society being itself led to soccer.

Alan Rothenberg, the chief executive of World Cup USA '94, was never shy in predicting the parameter of profit from this tournament of 52 matches, which it claimed would attract a cumulative television audience of 31 billion viewers.

Nothing in sport, nothing in space, has ever made that claim before. But Rothenberg, corporate lawyer and a man associated with the success of the Los Angeles Olympic Games in 1984, has put a price on the World Cup a decade later. He sees it bringing \$4 billion in spending for his country. And when that much is talked about, it is any wonder that the last people considered are the performers, the players who will be asked to run too far, too often and too much in extreme heat and humidity because television, the ultimate paymaster, demands it?

Rob Hughes is on the staff of The Times.

Oilers' Player Kills Himself After Crash

The Associated Press
HOUSTON — The Houston Oilers defensive tackle Jeff Alm apparently killed himself with a shotgun early Tuesday, shortly after he had crashed his car, killing a hometown friend who was riding with him, the police said.

Alm and Sean P. Lynch, both 25, were found dead at the scene of the early morning wreck along Interstate 610 in Houston, said the chief investigator with the county medical examiner's office.

A police spokesman said Alm was driving the car and apparently became despondent over his friend's death.

Alm apparently died of a gunshot wound to his head and Lynch died from injuries in the crash. Both men were from Orlando Park, Illinois.

The police said the accident occurred about 2:45 A.M. as Alm, who apparently was speeding, lost control of his car on a freeway exit ramp.

Pelé's Role May Be Reduced

International Herald Tribune
MIAMI — Pelé, the greatest name in world soccer and often the only one known by the American public, may have his role "minimized" in the World Cup soccer draw spectacle on Sunday in Las Vegas, according to a World Cup official.

In addition, World Cup organizers are having difficulty filling the bill for what they hoped would be a glitzy extravaganza at Caesar's Palace, kicking off the world's greatest soccer tournament and fit for a television audience approaching one billion viewers throughout the world.

But so far, the pop singer Barry Manilow is the only star to confirm that he will take part in the show. The British rock singers Rod Stewart and Elton John, who were scheduled to be present, will now participate via satellite link. The former National Basketball Association star Magic Johnson has declined an invitation. And President Bill Clinton was asked whether his daughter, Chelsea, might lend a little glamour to the occasion in America's gambling capital. But the president's staff apparently suggested that the girl do so by video.

The possible relegation of Pelé to a minimal role is the result of a defamation lawsuit filed against him and his company, Pelé Sports Inc., by the president of the Brazilian soccer federation, Ricardo Teixeira.

Teixeira, son-in-law of João Havelange, president of FIFA, soccer's world governing body, filed suit against Pelé for saying in an interview published last month in Playboy magazine that the federation had been corrupt in business practices.

Pelé Sports, Inc. in conjunction with Grupo Dorna of Spain, had offered the federation \$5 million for the rights to televise the 1993 Brazilian national championship. Instead, the rights were awarded to the Globo and Bandeirantes networks for \$4 million, according to Pelé's lawyer.

In the interview, Pelé said that Teixeira had asked that the remaining \$1 million be paid into a Swiss bank account for "the directors."

Pelé's lawyer said in a Rio de Janeiro court on Monday that the player had refused to pay the "kickback" to Teixeira. He said that there was proof of corruption by the federation president.

Havelange said Monday that Pelé could not take a prominent part in the draw for the 1994 World Cup, which begins in June, while he was defending litigation against Brazil's sporting body.

"It is necessary to realize that in life some people win, some people lose," Havelange said.

A World Cup official, who asked not to be identified, echoed the FIFA president, saying that the former Brazilian star's role might be "minimized."

— ROB HUGHES

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlanta	13	6	98
Boston	17	7	101
Chicago	11	18	82
Denver	7	19	81
Indiana	7	21	77
Los Angeles	8	23	84
Philadelphia	8	23	84
Washington	4	23	79

WESTERN CONFERENCE

Golden State	14	4	98
Los Angeles	10	8	94
Phoenix	10	8	94
Portland	11	9	99
Sacramento	7	15	80
Utah	7	15	80

FOOTBALL

MONDAY'S RESULTS

Buffalo	1	2	6-9
San Diego	1	2	6-9
San Francisco	1	2	6-9

NFL Standings

American Conference	East	West
Buffalo	1	2
Cincinnati	1	2
Cleveland	1	2
Pittsburgh	1	2

HOCKEY

NHL Standings

Eastern Conference	West
Buffalo	1
Calgary	1
Chicago	1
Colorado	1

OLYMPIC SPORTS

World Cup Skating

Men's Slalom	1. Alberto Tomba (ITA), 2. Alberto Tomba (ITA), 3. Alberto Tomba (ITA)
Women's Slalom	1. Ann-Mari Tonstad (NOR), 2. Ann-Mari Tonstad (NOR), 3. Ann-Mari Tonstad (NOR)

ST. ANTON IS BACK AS DOWNHILL SITE

St. Anton Is Back as Downhill Site
OBERHOFEN, Switzerland (AP) — A postponed women's World Cup downhill was rescheduled for Friday at St. Anton, making for three consecutive race days in the Austrian resort. The International Ski Federation said Tuesday.

Warm weather and lack of snow kept Veysonnaz, Switzerland, from staging the downhill, the second of the women's circuit, last week.

St. Anton has scheduled another downhill and a slalom on Saturday and Sunday. Those races award points for a combined. Veysonnaz had taken over three races from another Swiss venue, Leyzin, but could host only a slalom and a giant slalom.

FOR THE RECORD

Prosecutors in Meiningen, Germany, filed criminal charges against two neo-Nazi skinheads on Tuesday in the beating of an American luge athlete in Oberhof in October.

Valery Lobanovskiy, former manager of the Soviet soccer team, has been appointed coach of the Kuwait national side, federation officials said Tuesday in Kuwait. (AP)

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OBSERVER

An Armed Response

By Russell Baker

NEW YORK—Once having an afternoon to kill in Beverly Hills, and lacking a car, I went for a walk, though I had been cautioned against it with the explanation that the police regarded walking as powerful evidence of criminal intent.

You may think me the victim of overwrought imagination. Of course I am. How can I not be? Am I not part of American society? Do I not absorb the mind-numbing coarseness and violence composing my daily diet of newspapers and television?

It was lonely. Though the sun was friendly the streets felt ominous. It was that feeling the movies strive to convey when the hero finds himself utterly alone at high noon in what should be an extremely busy location.

Anyone who fails to keep his imagination overwrought in such a brutal environment will soon be too hardened to the sordid ever to enjoy the pleasures of wonder again. In Beverly Hills I experienced the wonder of sensing that inside those silent mansions were hordes of people silently watching me walk by.

I had almost forgotten this long-ago walk when the mass murder on the Long Island Rail Road the other night vividly brought the memory back. Of course no bullets had flown in Beverly Hills. The menace had existed only in my mind.

I had almost forgotten this long-ago walk when the mass murder on the Long Island Rail Road the other night vividly brought the memory back. Of course no bullets had flown in Beverly Hills. The menace had existed only in my mind.

Julia Roberts: The \$8 Million Comeback

By Timothy Egan

LOS ANGELES—Between wildfires, earthquakes, L race riots and a debilitating recession, the city of illusion has been looking a little sad of late. So there is a palpable cheer around Hollywood now that the highest paid actress in the world—for the moment—is back in town, generating all kinds of economic activity, grist for the professional gossips and old-fashioned movie star incandescence.



Law student Julia Roberts with investigative reporter Denzel Washington in "The Pelican Brief."

Two years after she made her last film and fell into a tabloid twilight zone over her personal life, Julia Roberts is starring in three new productions, the first of which is Alan J. Pakula's adaptation of John Grisham's legal thriller "The Pelican Brief," opening in the United States on Friday.

Her father, who died when she was 9, was a vacuum cleaner salesman and her mother was a church secretary. At home, they staged and acted in plays, infusing the three Roberts children with a love of entertaining.

and romanced several men, all the while feuding with Spielberg on the set of "Hook." None of it was true, Roberts said. She played Tinkerbell, but some of the gossip columns referred to her as Tinkerbell.

PEOPLE

Bardot's Quandary: Her Love or Her Cause

Brightie Bardot says her husband's political views could cause the break-up of their marriage. Bardot, who last year married Bernard d'Osselle, an adviser to Jean-Marie Le Pen, the leader of the extreme-right National Front, was quoted by the daily Liberation as saying, "I would have been better off falling in love with a shoe salesman."

The publicist fired by Maria Maples after he was arrested for allegedly stealing her shoes is suing her for more than \$180,000. Chuck Jones's filing came about two weeks after Maples sued him for \$85 million, charging that he was a would-be extortionist who stalked her.

Madonna took her long world tour to its last stop in Tokyo, and said she was ready for a break-down. "Why can't I," she told the audience. "I could do it. Judy Garland did. Elvis did."

Oliver Stone has signed with Hollywood Pictures, to direct the movie version of the Andrew Lloyd Webber-Tina Turner musical "Evita," about the former first lady of Argentina. The actress to play Eva Peron has yet to be announced but Madonna, Meryl Streep and Patti LaBelle, who created the stage role, are rumored to be in contention.

Lowi Anderson says he adopted 5-year-old son, Quinton, doesn't miss much since her divorce from Bart Reynolds. The actress told McCall's magazine that she tries to do "boy things" with her son. "I've had a black eye" from Quinton swinging a toy truck around," she said.

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WEATHER

Weather forecast section including maps and tables for Europe, Asia, Africa, North America, Middle East, Latin America, and Oceania. Includes a map of the United States and surrounding regions.

CROSSWORD

Crossword puzzle section with clues for Across and Down, and a grid for the puzzle. Includes a solution to a puzzle from Dec. 14.

Large advertisement for the International Herald Tribune newspaper. Features the headline 'A WEEK IN THE LIFE OF THE TRIB' and lists various content offerings such as 'Monday MONDAY SPORTS', 'Thursday HEALTH/SCIENCE', 'Friday LEISURE', and 'Saturday-Sunday ART/ THE MONEY REPORT'. It also includes the slogan 'Plus daily' and 'Don't miss out. Make sure you get your copy of the IHT every day.'